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PROTECTION OF PIECE RATE

Piece rate is the leading variety of those forms of industrial remuneration which are known collectively as "payment by results." Under each of these methods in contrast to time wage the performance of the workman is measured at frequent intervals and he is paid accordingly. He thus works for himself as well as for the employer and has a direct incentive to "take up the slack" on his work, which last may often be accomplished through exercise of ingenuity as well as through greater exertion. Under time wage the advantage or gain from taking up slack accrues solely to the employer, and the only incentive that the workman has to create that gain (apart from any contingent participation in the profits or the fear of discharge) is the indirect or generalized incentive of a possible future advance of his rate of pay or promotion to a higher position. Day by day and job by job as he goes along, the typical workman remunerated by the hour is a hireling paid for his time, not a tradesman paid for his product, and any reward for well-doing is too remote and contingent to have full psychological effect. "Payment by results" dignifies labor by making the workman to a degree his own master and on each job it has direct psychological effect with respect to zeal of performance. This is the theory of payment by results, but unfortunately the application of it has been such as to bring about much discontent and bitterness in the industrial world, and to cause widespread "limitation of output" or just the opposite of taking up slack.

Methods of wage payment by results fall into three main classes: the "bonus" method (including differential piece rate), the "premium" method (including some bonus schemes falsely so called), and ordinary piece rate. All these methods have several sub-varieties. Piece rate is used in combination with guaranteed time wage in several different ways; there are a number of different forms of the premium method and of the bonus method. Even if a few distinctive types alone were described, the technicalities involved would make this paper unduly long and complex. My purpose is

writing it will therefore be best served by confining myself to a discussion of "straight" piece rate, that is, the payment of a fixed amount of money, irrespective of the time actually taken, for each unit of product counted, measured, or weighed.

The leading elements of piece rate are revealed when we consider what is done in "setting a rate" or "pricing a job" to be paid for by this method.

1. There is the more or less complete definition of the job. The job is, or should be, a certain operation on a certain "part" or kind of material, performed by hand or by machine, and there may be certain appliances to facilitate the work, such as jigs or other tools. Of course it makes a great difference what machines, run at what speed, working on what quality of material, and in what quantity. The workman cannot get his hand in as well on short jobs frequently changed as on long jobs changed infrequently. Piece rate is not necessarily confined to "repetition work," but, as is well known, it fits best that class of manufacturing.

2. There is the determination of the approximate time it will take to do the job, that is, usually not the time for the individual piece but for the whole number of pieces (or yards or pounds) to be done together as one batch or lot. For example, five hours is estimated to be the time required to do, working briskly, a lot of 500 pieces.

3. There is taken into consideration the grade of labor proper for the job and the hourly wage rate of that grade: for example, for this job a grade of labor that calls for weekly earnings of \$22 in a 55-hour week and therefore a time rating or base wage of 40 cents an hour. (If the working hours per week were 44, then for this \$22 a week grade of labor the time rating would be 50 cents an hour.) This base wage multiplied by the estimated time required or expected to be taken yields a rate or price for the job which is the equivalent of the standard of pay thus far assumed to be proper for the job. (Thus 5 times 40 cents equals \$2.) This last is called in shop terminology "time." If the workman should do just two of these jobs in a 10-hour day and be paid \$4, he would be said to be making his "time."

4. And finally it is taken into consideration (wherever piece rates are properly set) that the workman must be rewarded for the desired and expected "piece rate intensity of effort" or voluntary zeal in performance, which is the employer's object in going to the trouble of putting the job on piece rate and incurring con-

tinuing expense in counting and recording for the pay-roll after the rate is set. If the workman is to have opportunity to make only "time" on the job he will not exert himself to develop speed or ingenuity any more than if he were on ordinary day wage. He must have the incentive of an opportunity to make more than his time; there must be a bonus factor in the piece rate. Accordingly the piece rate equivalent of the base time wage (\$2 in this case) is increased by, say, 25 per cent to enable the workman to make *at the assumed proper speed of working* what is called "time and a quarter," \$2.50 for the job, or 50 cents an hour, or \$5 in a 10-hour day. This final revision of the job price sets a standard rate of remuneration for the job *as put on piece rate*, the unit of pay being adjusted to the unit of effort, which is what the workman sells in the last analysis, rather than the physical product. If the employer, as sometimes happens, omits the bonus factor from the revised piece rate and depends for results upon "driving," he is attempting to get "piece rate intensity of effort" without paying for it.

The rest of the process of rate setting is merely arithmetic—dividing the revised job price by the number of pieces comprising the job or lot (500 in this case), which yields five tenths of a cent as the individual piece rate or piece price for doing this work. Thereafter, whatever the varying number of pieces the workman may do in any pay-roll period, the ascertained count is multiplied by five tenths of a cent and he finds the money in his pay envelope to correspond. It is obvious that as long as the rate stands unchanged the advantage from any "time saved" in doing the work, as compared with the estimated time required by which the rate was set, accrues solely to the workman. That is, the employer gains nothing on direct labor cost if the workman takes up more slack than was expected. The employer's gain in that event consists in a lower total cost by reason of the fixed charges or overhead being spread over a larger product, together with the further indirect advantages from prompt delivery to customers and other like considerations.

To sum up, the complicated structure of a piece rate properly set includes: (1) the definition of the job (not merely the name of the job but a statement of the controlling conditions under which the work is done); (2) the time-required basis; (3) the base time wage or hourly rating; (4) the bonus, or standard reward for effort, which the workman is expected to earn if the actual

time taken coincides with the time expected to be taken. The labor value of any "time saved" by a greater speed of working is to go to the workman as additional bonus.

The great source of trouble in the prevailing practice of piece rate is that the time required basis of the rate is usually, in fact almost always on new work, estimated far too liberally. There are a variety of reasons for this: for one thing, the desire to enable men new to the work to earn good pay from the start. (A commendable object that should be achieved by another method, by paying a learner's retaining fee.) But chief of all is the lack of proper definition of the job before the time estimate is made. Indeed, such is the usual absence of any attempt at adequate standardization of the job—predetermination of proper speed and feed of the machine, quality of the material, appliances to be used, motions of the workman—that the conditions under which the work is to be performed are quite in the air, and it is a euphemism to say that the necessary time to be taken is "estimated." It is merely guessed at, and even the guessing is not done with respect to anything that is definite. Accordingly, as soon as the workman becomes thoroughly habituated to the work and the job itself is "smoothed out," it is commonly found that it can be done easily in much less time than that embodied in the rate. If nothing holds the workman back from doing what he can do, he goes ahead taking up slack until presently there is such a saving of time that his earnings mount to "time and a third," "time and a half," "double time," or even more.

It is to be noted that such is the cumulative effect of doing work in the time saved and getting pay for it, that the workman's earnings for any pay period increase in accelerated ratio with the time saved. To earn "time and a half," even under piece rate with no bonus factor, it is not necessary for the workman to reduce his time of performance by 50 per cent of the time embodied in the rate, but by only 33 1-3 per cent of that time. If he should cut the time in half (not at all an uncommon accomplishment, even where the time is supposed to have been set "close"), his earnings when he is working consistently at that speed would become "double time." He would then repeat the job we figured above four times instead of twice in a 10-hour day, or would turn out 2,000 pieces and be paid for a day's work at four-tenths of a cent per piece, \$8 or double \$4, which was "time." But in the example before us the workman is entitled to five-tenths of a cent per piece, a rate

that contains a 25 per cent bonus factor. So, then, if he turns out 2,000 pieces a day instead of 1,000 (through a saving of time of 50 per cent) he will earn \$10 a day or "double time and a half," instead of the "time and a quarter" (\$5) that he was supposed to be able to earn. It is evident, therefore, that a bonus factor as high as 25 per cent cannot be embodied in a piece rate with prudence, unless the time-required basis be predetermined very accurately: and, in fact, so high a bonus factor would rarely be used where usual rate fixing methods are employed. Also it is clear that with or without a liberal bonus factor the root of the difficulty with piece rate is miscalculation of the time-required basis of the rate. Errors in favor of the workman in estimating the time required are obviously costly to the employer and must often result in extravagant earnings. And when such extravagant, "out-of-line" earnings do occur, the next thing that happens, of course, is that the piece rate is cut to reduce the workman's wages to what is reasonable. The opposite also frequently occurs by reason of the time required being estimated "short," entailing that under the rate established the workman cannot make even his "time." Piece rate is, in fact, a nicely balanced, unstable method of paying wages, requiring fine calculation and adjustment to give satisfactory results: and, under the prevailing hasty, inexact practice, the fine adjustment called for is made after the rate is set and "tried out" instead of previously as it should be. There are, to be sure, a considerable number of industries with well-established piece rate scales changed infrequently. But generally speaking there is a vast amount of tinkering to correct the error of badly set rates. Raising the rates to make them right does little harm; it is the lowering or "cutting" of the rates which works mischief—a mischief that can hardly be exaggerated, for it means the utter demoralization of the workman.

Before we proceed to further discussion of the effect of rate cutting upon the workman, let us first examine into the question of its justification. It is often alleged that an error of liberality in setting a piece rate is not costly to the employer, that he "doesn't lose anything by it" but even gains. Now of course if the employer had occasion to compare merely the performance and earnings of his own workmen in any class of piece work relatively to each other, it is true that the speediest and highest paid men of the group would be the most profitable man. The labor cost per unit of his product is no more than that of the slowest, and the

overhead expense per unit is much less. But the employer usually is compelled by competition to compare his pay-roll as a whole with those of his rivals. He cannot keep on paying extravagant wages and continue in business. If his rival has guessed better than he has in setting his piece rates, he must reduce his own so that the earnings of his men collectively will be in line with those of the rival. Moreover, the employer has occasion to make comparisons between different grades of piece rate workers, and between workmen and foremen, within his own establishment. If some of his workmen are earning what is right by piece rates properly set, and others are earning extravagant wages by piece rates that are improperly set, the effect will be jealousy and bickering. The earnings must be harmonized to keep the peace. Also it is a scandal, subversive of discipline and calling for remedy, when the extravagant piece rate earnings of workmen cause them to have more money in their pay envelopes than the foremen have in theirs. It therefore comes about that as long as errors are made in estimating the time basis of piece rates, piece rates will have to be cut. This statement is central to the main argument of this paper. Piece rates by and large in industry will have to be cut: there are reasons—ample, controlling, permanent reasons. It is of no use railing at employers and their rate-setters for their alleged “stupidity” in cutting rates. It is of no use preaching up the Golden Rule to industrial managers as a remedy for rate cutting. As long as rates are set as they usually are they will have to be cut.

But, say the proponents of “scientific management,” piece rates need not be “set as they usually are”; they may be and should be set by “time study” and then the rates can stand. Apart chiefly from overlooking the effects of competition in a changing world, this is a logical position. The idea is that by means of thorough standardization of the job, which always precedes a proper time study, and by the time study itself, the rate-setter ascertains in advance the amount of slack that can be taken up in doing the work and so discovers the exact time required. With that information he then sets a rate under which it is impossible for the workman to make extravagant, run-away earnings. Such is the confidence of scientific management men in the accuracy of time study (together with overlooking or minimizing the effect of changes in the competitive situation), that wherever piece rates are set by that method a definite promise is made in writing to the workmen on each job that the rate will never be cut, unless the job changes its character so that it becomes a new job.

The present writer is a believer in time study and has had direct experience with it. He is of the opinion that it holds much promise for the future betterment of industrial relations. Nevertheless, it has its limitations and does not invalidate the position taken above, that in industry in general, in the future as in the past, piece rates will have to be cut. For one thing the expense of time study, properly performed, places bounds to its extension in the field of industry. Also the accuracy of its methods and the permanency of its results, under actual working conditions in industry, are not as great as the theory of the device calls for. Under time study, errors are made in setting rates, sometimes serious errors, and it is therefore a dangerous practice to make in good faith definite written promises that the rate will "never" be cut "unless the nature of the job changes." And this last qualifying clause in the agreement presents a large opportunity for evasion on the part of the unscrupulous employer or his over-zealous rate setter. Anyone having the slightest acquaintance with the details of workshops knows that no end of "nibbling" of rates can be introduced through the expression "unless the nature of the job changes." I am aware that the danger here is guarded against in genuine scientific management shops by certain methods (the use of the so-called instruction cards), but these methods may fall into disuse through the carelessness of subordinates, and the honest purpose of the proprietor may not endure. In any shop after a time there may come a king who "knew not Joseph." In short, such is the effect of multitudinous details, technical and competitive change, carelessness, excessive zeal, and human greed, that time study methods cannot be depended upon to abolish rate cutting, even where the expense of those methods does not preclude their use. Rate cutting emerges from the nature of things industrial; neither old or new devices of rate setting can secure the inviolate maintenance of piece rates. The protection of piece rate (removal of the chief evil connected with piece rate) must therefore come about, not through vain attempts to abolish rate cutting, but through the adoption of appropriate methods safeguarding the interests of labor when rates are cut.

The effect of rate cutting, as now practiced without safeguards, upon the individual workman directly affected and upon the whole body of workmen throughout industry is lamentable. Whether the employer does it arbitrarily and above board, or whether he does it underhandedly by means of tricks and evasions,

either way its primary effect is virtually to fine the workman for ingenious and speedy work (as it inevitably appears to him) and to bring it about that he and his fellows do more work (deliver more units of effort) for less pay. By reason of rate cutting, as Sidney Webb has said, a "subtle degradation" goes on with respect to any standard rate, linking pay with effort, that the workmen seek to maintain. The secondary effect with respect to workmen is, of course, that they seek to safeguard their interests against this attack; and they do so by means of a whole system of reprisals. The characteristic form of these reprisals is deliberate limitation of output—purposeful "soldiering" in its various aspects. Also there is opposition to putting time work on piece rate, where it should be; and, furthermore, especially in England, there is opposition to proper analysis or "routing" of work which would lend itself to the introduction of piece rate. There are, of course, as already stated, some establishments where the evil of rate cutting has been at a minimum and where in consequence little limitation of output obtains. But the general situation in industry, both with and without labor organization, is one of widely ramifying, open or covert war against output, resulting in huge amounts of wealth-not-created. The evil of limitation of output is complicated with the lay-off evil (which has its own appropriate remedy); nevertheless its chief continuing cause is unsafeguarded rate cutting. The more intelligent workmen know, of course, that slow-work practices are no part of a constructive program of advance for labor; they do these things merely to meet the exigencies of the existing situation, as a counter-attack against an attack made on themselves.

And the great waste of industrial power and loss of wealth to society, including the workers, is not the only serious aspect of this warfare originating chiefly in the cutting of piece rates. From the great mass of chicaneries and injustice, about evenly divided between the two sides, emerges a lamentable and unnecessary degradation of the human spirit. It hurts all honorable workingmen in their self respect to practice limitation of output. Moreover, the bitterness that prevails in workshops between the workmen with the spirit of solidarity and the crass individualists, or so-called "piece rate hogs," is most regrettable. As one experienced and conservative labor spokesman, Mr. Portenar, has said: "A man shows his naked soul when he works at piece rate." The "chasers" and other stool pigeons that many employers use in their efforts

to circumvent the reprisals of labor increase the sum of hatred in the world in a way that is not necessary to get the world's work, rightly ordered, done. A workman has a right to a decent life in industry and society pays if he fails to get it.

And now to come to the conclusion of the whole matter. It is absurd for society, itself so large a sufferer, to let industry go on muddling in the slough of this piece rate difficulty unaided. With hundreds of millions, possibly billions, of lost wealth at stake, inconvenienced by strikes and other contingent evils, it is absurd for people at large to allow the parties in direct interest to "fight it out" in a war that has no ending. Society has pursued the hands-off policy in the past doubtless because it was thought that, such was the mass of details involved, the state would be incompetent to intervene to advantage. Also the serious difficulty and danger of governmental interference in any economic matter involving supply and demand has been appreciated. But it is clear that the state is competent to intervene in this matter of piece rate to advantage, avoiding the details and the ultimate economic determinations, by laying down fundamental rules of method and procedure. That is what the general body of commercial law does, and all it does. Why should industry in the aspect before us be allowed to continue to be a bear garden? Organized society, the state, should add to its concepts of law and conceive every industry to be "affected with a public interest" and enact appropriate regulations accordingly. Piece rate should be protected by law based on a general policy, as indicated above, of prescribing forms of procedure. No direct interference with matters properly determined by supply and demand (such as the base time wage) ought to be undertaken; simply the substitution of definition and publicity for indefiniteness and secrecy.

Let it be enacted into law, and the means of enforcement provided, that in every shop where piece rates are used:

1. A list of rates shall be published showing not only the rates themselves but the "elements" from which they are derived—the definition of the job, the time-required basis, the base time wage, and the amount of the bonus factor.

2. A statistical accounting shall be kept of the earnings (or performance record) of the individual workmen under each rate, and audited at stated intervals.

3. A statement of the period during which each rate shall stand

without revision downward shall be made a part of each piece rate agreement and published.

4. The rules of revision, or the limit to which revision downward may take place, shall be stated in sufficiently explicit terms and published.

For example, under the last head, if at the stated time of revision it shall be found that the average earnings of a group of workers on a certain piece rate have been "time and two thirds" (or some other predetermined amount) the rate may be cut, but only to a point that will yield the average worker "time and one third" (or some other predetermined amount) as shown by the average of the performance records. That is, the new, reduced rate shall be so set on the basis of the average speed attained by the group that a certain standard of pay is safeguarded. Contrariwise, at the stated time of revision (or between times) any rate that is found to yield average earnings below the standard of pay aimed at, shall be revised upward.

• A somewhat elaborate code will have to be developed to protect the interests of the employers as well as those of the workmen in the application of the foregoing principles. The principles or leading rules themselves will require amplification. For one thing, there is the problem of what to do with small groups or single workers where the law of averages is not available. In such cases there should be a lump-sum payment in compensation for loss of earnings when a piece rate which yields extravagant wages is reduced. The method employed might be capitalization of the excess earnings considered as an annuity on the basis of some predetermined rate of interest. Then, again, there is the question of what procedure should be followed when, as often happens, a high grade piece rate workman is temporarily placed on a low grade piece rate job. The rules for such special assignments should be predetermined and published. A special, higher rate for the job cannot (without creating jealousy) be offered in such cases for the benefit of the particular workman; his customary earnings must therefore be safeguarded by calculating how much he ought to earn with due diligence by the established rate and then adding to this a fixed time wage retainer. To illustrate: his customary piece work earnings per hour are 50 cents; what he can be reasonably expected to earn per hour at the temporary piece work is 30 cents; the guaranteed hourly retainer, which he would supplement by his own efforts, would be 20 cents. Where such a retainer

is not paid in these cases, usually the workers "soldier" to a degree (as I have myself seen) which is the despair of foremen. Workers always resent injustice in wage matters, and commonly endeavor "to get even"; although with honorable employers of course no injustice is intended. The rules of order and publicity suggested above would be opposed by many employers, and yet undoubtedly they would be to the advantage of employers as well as wage-earners. It is to the interest of everybody that ways and means be found, as they can be, covering all circumstances to encourage piece rate workers to do their best. These ways and means will not be found by the general mass of managers of industry working without assistance.

The chief practical difficulties in a general plan for protection of piece rate will be those which will arise from the necessity of establishing proper uniformities and proper diversities in piece rate scales as between one shop and another in the same district, and as between different districts for a whole national industry. Here again I think the state should require published rules of procedure, but these rules would have to be arrived at through organized employers and organized employees freely using the methods of collective agreement. As for that matter the whole body of rules suggested above for the protection of piece rate, primarily in the workers' interest, will have to rest ultimately (although the state takes the initiative) upon the basis of unionism and the practice of collective bargaining. Not only must all the cards—not some of them, but all of them—be placed on the table to protect piece rate in the workers' interest, but also the workers must have adequate control as to what those cards shall be. The representatives of the organized workers should inspect the methods of determining the time required on piece rate jobs; they should pass upon the bonus factor; they should audit the record of earnings; and above all they should have a say as to the base time wage embodied in each piece rate. The labor organization and the mechanism of collective bargaining and representation sufficient to perform these tasks (not merely to satisfy labor but because logic and right reason demand it) will have to rest on a broader basis than mere individual workshop boards or committees. To solve the piece rate problem, and all the other problems of industrial life, there must be indeed unionism broadly established and recognized and supported by society. Society must realize that the manifold interests of working men and working women in every

shop cannot be adequately protected unless they appear before *their employers by counsel*. *The outsider, an official of the inter-shop union, is strictly an analogue of legal counsel: and the employer has no more right to object to his intervention on principle than he has a right, when selling a piece of real estate, to object to the purchaser's examining into the title through his lawyer.* The working man buys his wage by the exchange of his mental and physical effort, and he has a right through counsel to examine into all the conditions of the deal and through him to state what terms he is willing to accept.

And not only should the working man have the right to do business with his employer by counsel (through the official of his union) but he should actually do so. Therefore, in the absence of a union (as is often the case especially with women workers and the sweated trades generally), the state itself should appoint such counsel, similarly to what is often done in criminal trials. Is it not absurd that in the multitudinous industrial cases, so vastly important in the aggregate, hundreds of thousands of workers who most of all need expert defence are left without any? The hands-off policy, the "let them fight it out" policy in these matters must be absolutely abandoned, not merely in the interest of the workers but in the interest of the employers and of all of us. Of recent days events have brought a condition under which industry will profit greatly by a speedy introduction of the "common rule" into all matters affecting remuneration of labor and other conditions of employment. Employers, legislators, courts, all of us should get some new concepts with respect to labor organization and labor standards and act upon them without delay. Order should be introduced into a realm where hitherto there has been anarchy.

These last matters are to a degree collateral to the proposals made above for compulsory rules of procedure and publicity with respect to piece rate. Further discussion of them is therefore out of place here. What I wish to emphasize now is that, however necessary collective bargaining may be as the basis of adequate protection of piece rate in the worker's interest, published rules of procedure required by law as set forth above are also necessary to the protection of piece rate in society's interest. So long as the methods of piece rate are left in an undefined, chaotic condition there is grave danger that collective bargaining operating under such conditions may seek to solve the tangled problem in reaction-

ary and harmful ways. It is abundantly clear from evidence published of late that in the engineering trades in Great Britain, for example, organized labor has protected piece rate, not by intelligent regulation but by stubborn opposition to its introduction and by outrageous practices of limitation of output. The whole situation was apparently too confused to admit of intelligent regulation: there was no foundation or preparation for the proper exercise of the forms of collective bargaining. What is needed everywhere first of all, therefore, to prevent such things from happening, is the letting in of the light, the opening up of the subject for proper handling, by the laws suggested, which will compel the piece rate accounting, the publication of the scales, the definition of the jobs, and in short the whole analysis of the piece rate problem into its "elements." Then upon such a basis can come the follow-up of collective bargaining properly applied, and, when necessary, public arbitration intelligently applied.

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ORGANIZATION, DISTRIBUTION, AND WAGES

Although the most noteworthy event in the industrial scene, since liberalism gave up hope of being a program and became an attitude instead, is the spread of organization, throughout production, in banking and among the laborers, nevertheless the dominant distributive analysis has not been substantially affected or revised. The most widely used texts still proceed on the assumption of individual action, and individual bargain; and their picture of economic distribution is an equilibrium established at the various margins of action of ungrouped individuals. In fact, individuals have in many ways come to act with other individuals and exert their influence as a member of a group with a common policy and a single welfare, to which group they give their trust. Do not these changing manners of the times necessitate somewhat different theorizing?

A brief reconsideration must first be given to the nature of the continuous processes of industry by which the distributive fund is brought forth—and since under our present system the lead in the inauguration and development of industrial enterprise lies with the capital controlling members of the community, let us begin with them. These industrial leaders combine in themselves the experience and ability to engage successfully in industry, as industry is now arranged, and the possession or the control over the capital with which industry is started and carried on. It is a union of particular capacity with, at least, moderate good luck. Capital in the hands of these men takes on an energizing influence that at times is bewildering, until it almost seems as if capital put in any hands would have the same effect. The question after all is really, How rare is the gift of able and constructive industrial direction, and what is the best means of calling it into action? With any fair break in the modern world of industry, we may hope, without over-optimism, for enough of this capacity to apply our capital resources with fair satisfaction, though there is nothing axiomatic about it. But neither should we overlook the power that lies, it may almost be said, in our material and immaterial capital resources themselves. Our estimation of that magic power is constantly being expressed, for instance, in such views as the one that all the potential industrial strength of Russia or of China needs only the application of capital and peace, to start developing into actual production. We have begun to take for granted that these

is enough industrial talent to go around and to treat the capital as possessed of power within itself.

In most general studies of distribution a double standard in regard to capital may be found. This is well brought out in Professor Taussig's *Principles*. First there is the primary definition of capital as "concrete instruments made by man."¹ This represents the pure logic of definition. It is conceived in the course of an analysis of the factors of productiveness. The movement of decisive definition is taken as a path out of the "haziness of everyday usage" which connects capital with its external marks of private possession and indefinite form. To quote: "An individual thinks that to be capital which yields him an income."² His second definition of capital is of a functional nature and adopts, on the whole, the standpoint of action. Capital can be viewed as "a series of advances to laborers."³ Probably this is the aspect of capital which interests Professor Taussig most, if we recall his *Capital and Wages*. Are these two notions of capital entirely reconcilable?

Capital, it will be agreed, is accumulated power of the sort that serves to set industry going. It is the force behind the "round-about process" in an older phrase. Can that force be identified with any or all of "the concrete instruments made by man"? In a community of primitive industrial ways the connection is evident. The extent of industry is greatly modified and almost governed by the accumulation of such instruments, for they are made slowly and added to slowly. They are the most important form that the accumulated wealth of the community has assumed. The dependence of industry on them is very great. That type of power which capital is, in such a community, is clearly vested in these concrete instruments. But in a community of more diversified economic resources and, above all, in a community where many other forms of property besides concrete instruments made by man, have economic value, we cannot hold that the idea of capital power is limited to these concrete instruments. This is all the more true when, by organization of the banking methods, property rights in general are made more certain and more liquid. Here we have many sources and springs of capital power. It may be that this was the great truth behind all the reasoning of Friedrich List and his school.

¹ F. W. Taussig, *Principles of Economics*, vol. II, p. 4.

² *Ibid.*, vol. I, p. 183.

³ *Ibid.*

The truth of this contention is brought out by a rough study of the way in which capital is actually applied in industry. What is meant by the statement that runs so easily off our tongues, that capital finances and supports the industry of a country and is most essential to it? Ordinarily, we grasp a train of events such as the following: A collection of individuals perceive an industrial opportunity. They thereupon seek the means of hiring the labor and buying or making the machinery necessary for the conduct of the enterprise. The labor must be available somewhere in the community, of course, and either the machinery or the means of making it—as to the last, it is generally a matter of indifference which. The concrete instruments are no longer the essential form of capital. The roundabout process has proven to be, on the whole, easy of creation. The men who are aiming to undertake the business, require simply in some acceptable and negotiable form the power to employ the forces of production. What economic value stands as the basis of this power may be most varied and indefinite, but the explanation of the efficacy of this collected capital lies far away from the possession of concrete instruments. And this conception of the way in which things work can be applied to the whole industry of a nation, without much modification. Past accumulation of concrete instruments of production does actually play an important, but by no means an all important, part.

For there are in existence many ways in which all that is necessary to commence production can be obtained, if one has the standing, and does not intend to use the power obtained in such a way as to injure the forces on whose prosperity the whole system seems to depend. The whole of the resources of organized banking are subject to command for purposes such as these; borrowings can be made irrespective of all concrete instruments—borrowings indeed that go far beyond the banks' holding of gold and real security. As Moulton writes, “. . . the gradually expanding volume of bank currency it must be recalled, which is available equally with money for the manifold activities of business has made it possible for business men to secure the funds with which to induce human energy to create capital goods without antecedent saving on the part of consumers.”⁴ The banks are said to have created four to five billions of bank credit thus far in the course of the government war loans, so great is their power when organized into a system.

⁴ “Commercial Banking and Capital Formation,” in *Journal of Political Economy*, vol. IV (Nov., 1919), p. 869.

If the project is one of size, it will probably assume the form of a corporation, putting out its shares in the investment field, through some investment house, which in turn redistributes the shares by sales to banks and individuals. A large part of the capital that is contributed by this method of finance, is, as in the case above, credit created by the banks on the partial security of a great variety of values of a socio-legal sort; mortgages on land, credit extended on Liberty bonds, etc. In the face of such facts, we can say that the capital collected for any enterprise will have but the most flimsy relationship to any concrete instrument made by man, or to all such instruments. It is the word of command, backed by the power to pay. Part of it may be pure bank credit, another part may be simply the government's promise to tax its citizens. Russian bonds gave employment to French, German, and American munitions plants, but may never pay them. It is, therefore, evident that the best depreciation fund may be shares in an insurance company or a land bank.

More significant is the fact that the capital fund thus at the service of industry has reference to the future as clearly as to the past; its continuing existence is, in fact, entirely dependent on the future success of the enterprise. It is by giving this fact its due importance that the concept of capital as held by the wage fund theorists, and as given in Professor Taussig's second definition, can best be improved. In addition, we see that the available sum of capital varies greatly in extent and ease of use, according as the banking system makes accumulated wealth (anything of economic value) liquid. Its sum changes with the sentiment and confidence of the business community, and its liking for risk taking. To the extent that new industry is created by the agency of these operations of organized banking, it cannot be said that their final effect is simply inflation. As Professor Laughlin writes:

The true order of events is as follows: Transaction in goods, then loans based on their movement and sale, and finally the accumulation of a proper reserve. As compared with forty years ago, the loans of our national banks are at least six times as large as then. Does this imply inflation of credit? By no means. It indicates that the production and exchange of goods has increased many-fold in our country and that a correspondingly increased basis exists for sound credit at the banks.⁵

This presupposes what is generally true of any modern industrial community, that the course of growth signifies a large amount of

⁵ J. Laurence Laughlin, *Money and Prices*, pp. 147-8.

unutilized industrial power that can hardly be expressed statistically, but which is normally on hand for the service of any new undertaking.

This development introduces some change into the common interest analysis, no matter which of the explanations of interest one chooses to defend. Certain of the commonest appurtenances of reasoning must be given up in any case. If the banking community has, with its organized methods, come to play such an important part in the initiation of industry, by active guidance and more of the capital power, the explanation of the rate of interest cannot run in terms of individual psychology, but depends on all the complex factors of the banking situation. The individual psychology of accumulation and risk taking is but one of these and perhaps not the most important. This is true even of long-time investment, which is generally chosen as the abstract capital use. Further, if the banking faculty is so important in these matters, does not the marginal analysis diverge dangerously far from reality? We have more to deal with than the psychology of the individual from which marginalism is generally deduced. It strains the imagination too much to summarize the actions of the Federal Reserve Board in a straight line, though the mathematical philosophers try stranger things. It is not difficult, of course, to acquire a knowledge of the main principles on which the banking community conducts its business; but it is more than doubtful whether diagrammatic illustrations of the margin are useful representations of these principles. And, as is plainer in other parts of the distributive field, the greater the extent of organization, the less verisimilitude of the marginal idea.

To proceed, then, with the study of production of the distributive fund: what capital is, in essence, is a good or bad promise by which men can be set to work and by which the use of machines can be procured (whether they are bought, rented, or made). This is very close to the idea of capital "as a series of advances to laborers"—with the one great adjustment of viewpoint hinted at before. The concept of capital as "a series of advances to laborers" has been applied ordinarily from a point of rest. All the processes of industry seem to be awaiting the first order to advance. In reality, naturally, we are dealing with a going process, which is continuously restoring the fund it consumes, or more. That is why it may be said that the concept of capital has reference to the future, equally with the past. Going industry, de-

posits in the path of its growth an enlarged capital fund. Indeed, there are times in which the alternative becomes—expand or fail. Here is the vigor of accumulation. The entrepreneur's function is equally continuous (lest this seem to support Professor Clark), in the sense that the need of his ability and forehandedness is lessened only in exceptional cases.

It is in the study of the division of the total output of the industrial process that the importance of organization becomes manifest. The first step in this study is normally to reduce the problem of distribution to the distribution of a marginal product, by disposing first of the rent factors through such steps as the Ricardian analysis and the device of the representative firm. As Professor Kleene writes: "The character and the terms of the division between capital and labor constitute the most controversial matter in the theory of distribution. That, however, it is a matter of dividing a marginal product, the margin being thought of as both an intensive and an extensive land margin, has come very near being universally accepted."⁶ Before agreeing, we must consider again whether there is anything present to obstruct or gravely modify the theoretical action at the margin. If organization is present to a sufficient degree, it will prove to be such an obstruction. For purposes of illustration we may take a few cases in which organization among the holders of certain tracts of land has been used to increase rents. Such a case is that of the combination of cranberry lands in New England. It is true that this took the form of price restriction, but since only current wages were paid, it is safe to assume that the added profit of the industry was soon reflected in the increased value and rental of the cranberry lands—though, of course, difference of value and rental still existed among them. Or take the case where the owners of certain sites necessary to the construction of a public utility, by agreement, held the sites for higher rent or a purchase price higher than they would have received in the normal course of events. It is perhaps not entirely without significance that the first combination was forbidden under the Sherman act and the latter met by the right of condemnation. We have in such cases as this something not much different from monopoly rent; and from this point of view monopoly is but a form of organization; and monopoly rent finds no place in the marginal analysis. How far, indeed, the major problem of distribution is the problem of distribution of a

⁶ C. A. Kleene, *Profit and Wages*, pp. 159-60.

marginal product depends on the extent to which the various claimants to part of the distributive fund are organized; on the one hand, to the extent to which the rent-receiving group have some strong control of the other classes by which they can exact more than the amount that is allocated due them, on the assumption of freedom of competition and complete mobility, as in Irish rents at the beginning of the nineteenth century; on the other hand, and more significantly, on the extent to which those groups who ordinarily receive little in the nature of rent can, by organization and unified resistance, take for themselves part or the whole of the rent fund, as exemplified by the movement among the British coal miners to force nationalization of the coal mines (payment for capitalized value of present rents being planned).

As representative of the analysis of the problem of the distribution of the marginal product, Professor Taussig's marginal discounted productivity theory may be chosen as one which was most illuminating to the writer. A brief summary is permissible, so that it may be characterized. In this study of distribution antecedent discussion is given to the forces which determine the rate of interest, and a preliminary independent determination of the rate of interest is reached. The forces studied are summarized in the supply and demand situation for capital; and into this framework any of the most accredited theories of interest could be fitted, as well as the productivity theory to which Professor Taussig antecedently inclines. We have a study of the amounts which must be paid for the use and risk of varying sums of capital. This is a step of the highest importance, for the whole problem of distribution comes down to the question of how positive and independent one believes the determination of the share that goes to any factor, capital for example, to be. If the marginal action is dependable and important, and not subject to constant and easy change, we have the assurance that what the simple diagram shows must be paid for the use of capital in the long run will be paid, and the rest is left for wages. If it is fact, it is also simple arithmetic. And indeed, this same fundamental simplicity of idea underlies most of the general theories of distribution, whether we consider Ricardo's wage fund, Bohm Bawerk's theory, Walker's residual analysis, or Taussig's marginal discounted product. This is no doubt due to the fact that they are all attempts to synthesize into a unitary conception the whole struggle of distribution and stand besides, as analyses, that will be little affected by time.

These conceptions are all means of prediction of the outcome of distributive struggle, since they are a collection of its laws.

These syntheses are so simple, largely because the facts are unduly simplified, and sometimes arbitrarily thrust into categories. An attempt has already been made to show how the question of the provision of capital to industry far transcends the demonstration from individual psychology that stands behind the marginal analysis, due to the spread of organized finance. Perhaps the world of ploughs and farmers has been outgrown in other ways. One thing at least is certain, and that is that no one general outline of distribution will ever apply generally to the industrial situation in different nations at different times, even if it estimates correctly the relationship of facts and forces on which it was originally based in course of reason, for these facts change constantly in different times and different social structures. One theory will fit but one universe. Does it not make a difference if the balance of industrial power shifts? That social classes change their preconceptions? Are not these fundamental terms? •

For economics is a study of forces which in their constant change leave few certainties and which in course of time accomplish revolutions. Attempts at the representation of such forces by a collection of straight lines and attempts at explanation as a problem in mechanics must fail, for they substitute a mechanical world for a real one. To the degree in which social and economic life is a life of habit, we may have laws of habit. To the degree that an old order succeeds in avoiding change, we may be able to discern roughly the principles in accordance with which the old order acts. But in the measure that individuals study and develop ideas of change, to the extent that new human institutions are conceived and old ones revised under the stimulus of a changing external universe, to the extent that unfilled desire seeks to erect new structures and acts in new ways, no economic theory can be final, but must express these processes of trial and test.

The question whether labor organization has changed the terms of the distributive problem has yet to be considered. As the problem has been summarized, it is one regarding the division of a fund whose size may be greatly affected by the outcome of the distributive bargain; as when J. A. Hobson argues that if a greater portion of the fund went to the laborers, it would be a direct step to greater output and a first step to the avoidance of periodic de-

pression; or as when Professor Carver argues that anything which obstructs or threatens to obstruct accumulation as it goes on today is usually a drag on future production. These are the significant consequences of the distributive bargain, which should not be lost sight of, yet which need not enter into the analysis at present. Nor should the problem of the relation of the distribution of wealth to the distribution of welfare be entirely forgotten either.

In the play of distributive division, when regarded without abstractions, there appear a highly diverse number of participants. It may be permissible to develop a general theory of wages when one is primarily concerned with the interest problem, but this same general theory of wages is not sufficient for the wage problem. Further, while the unity of interest between all parts of that resource we call capital, seems at first sight beyond challenge, even this may be a deduction from the homogeneity of power possessed by all its parts, rather than from the deeper economic facts. The good fortune of one part of the capital fund may not necessarily denote the good fortune of all the other parts. Our reasoning may have been obscure. For example, a difference of interest may exist between those masses of capital lent passively for investment and those which are the personal possession of the directors of industry. Or such a difference as is suggested by the dispute about the Federal Reserve act, the point at issue being whether the rediscount privilege was to be extended to stock exchange securities, due to the effect of such a privilege on commercial credit. Again, the century long alienation between the farming regions and Wall Street is provocative of thought. In short, it is far from easy to declare the measure to which unity of interest, and diversity of interest exists between the various parts of the capital resource. The unity may be one of a social class, rather than one established by economic analysis, which means that the unity would be most apparent when it is opposed to the social classes that stand apart, and least apparent when within the confines of its own conference table.

So it is with labor. The interest of all men who receive wages or salaries seems most nearly common when it is contrasted with that of the rent and interest receiving classes. The opportunities for mutual aid and common resistance overshadow all else. This is most clearly revealed when the interest problem is being studied, and labor is for the time being assumed to be a homogeneous mass, like machinery, divested of human quality. But when the problem

of primary interest is that of wages, the concept of general wages is put in the background as a helpless abstraction, and the partitions within the field of labor become significant. Their existence needs no better proof than the fact that only the far-sighted leaders never lose sight of the fundamental and effective unity, and develop their policy upon it; the less far-sighted have too often forgotten it and have seen only the partitions, which indeed may sometimes be of the first importance, just as when the field of banking a long-time interest rate is of remote interest to the broker transacting a "call loan."

The suggestion of non-competing groups lies at hand. But it does not satisfy all the requirements, as ordinarily these are put forward. In the first place the possibility of the existence of such groups among the capitalists is rarely suggested. In the second place, due to the hard, unplastic nature of the concept, when once the groups are assumed, the idea of community of interest in certain respects and divergence of interest in others is usually lost. The group is given too great homogeneity within itself, too little kinship with the outside. They are part of an industrial structure that is more regular and logically constructed than the one we are acquainted with. We need not look beyond the difficulties of the census.

It is more difficult than might be expected to earmark a group—to point out exactly what makes it a unit in the play of distribution, or justifies our submitting it as a unit to the test of "reciprocal demand." A moment's thought suffices to reveal the inadequacy of static differences such as those of skill or education. How compare these qualities in a clerk and a pugilist? Furthermore, judgment must be formed with regard to precisely how great the isolation of any group must be to make it a non-competing group. Certainly the fact that exceptional individuals find passage from one group to another makes no difference in the reasoning. Nor, in truth, does comparatively substantial but slowly acting transfer radically affect the difference of interest in the distributive bargain. The pull of each group in the total product remains relatively independent.

Unity of bargaining or, in other words, organization seems the most decisive influence in group division today. Even where only partial unity in bargaining exists, its influence tends to be the telling note, as in a craft where there is a strong union, but one to which only a part of the workers belong. The frequency with which

even the formally unorganized act in unity, in times of strikes, makes the scope of the influence of unionism still less definable. Lastly, we are witnessing many signs of the beginning of organization among groups traditionally exempt from the course of organization as among the technicists of industry and school teachers, which may be indications of a movement towards fairly universal organization.

What alteration this spread of organization compels in the non-competing group reasoning will be discussed shortly. But it is worth while to call attention to certain other features of the situation beforehand. First, it must be pointed out that even though unity of bargaining has tended to become the decisive influence in separating groups or combining them, the underlying forces which bring men into one group or another, which determine the size of each group, are still in the highest degree deserving of study. The very fact of considerable movement between the groups is the basic reason probably why the labor movement does not disintegrate into separate parts. Where a movement is obstructed artificially, the situation becomes tense. Secondly, there exists a considerable degree of mutual influence between the groups (aside from the occasions of common interest). For, while it is probably permissible to say that in the conflict of claims on the national dividend that are put in by the several groups of wage-earners, and by the several groups of rent or rent receivers, there may on occasion be no more unity between two groups of labor claimants (we may cite here Davenport's conflict between the advertising and sales groups and the mechanics) than between a labor claimant and an interest-receiving group—we must recognize the existence of a scale of customary relationship between groups of the same kind. This scale of customary relationship between the income and standard of living of various labor groups tends to take on a validity of its own, as when Justice Higgins applies it as a principle in the Australian arbitrations. This goes on, though disinterested reasoning may show that it means a topsy-turvy justice, and a world in which those who do the most work and the most despised work frequently get the lowest pay. It comes about that a wage-earning group feels justified in aiming at an increased share of the national dividend, because their position relative to some other wage-earning group has changed, professors to carpenters, for example. The same notion may exist in the field of capital. Lastly, we must remember that organization is taking

place today not only on the horizontal scale, traditional to the non-competing group idea, but also, and perhaps in a dominant degree, on a vertical scale, as in the combination of the seven groups of building laborers or that of all the mine workers in the United Mine Workers.

Without losing sight of these factors, then, the question of the significance to our reciprocal demand reasoning of labor organization may be taken up. The primary object of labor organization is to unite the members of a group in such a way as to enable them to use their combined influence in their own behalf, and for their wider objects. The chief peaceful method is collective bargaining; its principal combative instrument is the strike. Too narrow an interpretation should not be put on the trade union movement. We must recognize, in the terms of Professor Hoxie in his most admirable book, that "the trade union program, or rather the trade union programs, for each trade union has a program of its own, is not the handful of unrelated economic demands and methods which it is usually conceived to be, but it is a closely integrated social philosophy and plan of action. In the case of most union types, the program centers indeed about economic demands and methods, but it rests on the broad foundation of the conception of right, of rights, and of general theory peculiar to the workers, and it fans out to reflect all the economic, ethical, juridical, and social hopes and fears, aims, attitudes, and aspirations of the group. It expresses the workers' social theory and the rules of the game to which they are committed not only in industry but in social affairs generally. It is the organized workers' conceptual world."⁷ This does not prevent us, however, from centering our interest upon the significance of organization in those negotiations through which distribution is effected.

Organization means the power to sell the services of the group as a unit or to withhold these services as a unit. This fact gives an altogether new twist to our reciprocal demand theory. Since terms are arranged between groups on the basis of the group importance or nothing, it cannot be said (as Professor Taussig says), that "the marginal contribution from any grade or group of labor determines the remuneration of all within that grade."⁸ A group that bargains as a unit bargains not with the importance due to its marginal unity but with the importance of its total utility. It is

⁷ Hoxie, *Trade Unionism in the United States*, p. 280.

⁸ F. W. Taussig, *Principles of Economics*, vol. II, p. 151.

the strategy of mass. The group makes of its strength as a group. From this it appears that there are no clear limits to the demands that can be made by any group, when it is wholly organized, except the opposed demands of similarly organized groups—up to the minimum supply price of each group or factor. Furthermore, this minimum supply price itself may vary with different amounts of the group services; and so may undergo modification of character under the pressure of groups sufficiently dominant to usurp in part the functions formerly held by the groups under pressure. Our problem is of greater import than that of the division of the economic rent of industry. Industry is capable of conversion of form within limits; it is not difficult to conceive it as disclosing a will to dispense with highly paid salesmen, advertising men, and other such competitive labor. All other elements of the problem appear to be secondary to that of organization. Any rare natural capacity, if needed, must still retain a relatively high value; the costs of education will have to be repaid, in so far as they remain individual costs, but these become secondary; scarcity itself may become secondary when weighed against organization. A group, though numerically large in view of the tasks it performs, is not weakened thereby, if it has the alternative of cutting down the hours of labor. The limit of this alternative, of course, is the integral nature of production.

Labor organization must take a leading place in any study of distribution. Professor Carver has explained this aptly:

Even in an unbalanced situation, while the individual in a large class may be superfluous, the class as a whole is indispensable. There may, for example, be as many ditch diggers as to make any individual among them superfluous, nevertheless ditch diggers as a whole, may be indispensable. . . . The indispensable class if it can bargain as a unit can take advantage of its indispensability and bargain to its advantage.⁹

The limits within which this influence may be confined have been indicated. It has been pointed out that the general limit to the measure in which any group can press its own strength is the need that each group has for the rest, taking into consideration the possibility of substitution. Another type of limit is indicated by the fact that to assume complete finality and unity of organization is an error of the same order, though of lower degree

⁹ T. N. Carver, "Four Labor Programs," *Quarterly Journal of Economics*, February, 1919.

perhaps, than to abstract from all organization. These two factors, setting up a modified concept of supply price and the force of custom, suggest the limits of influence of organization.

But the question of the limit of influence is not of the greatest importance practically. The real significance of the power obtained by groups in organization is in the fact that the largest groups—the lowest paid groups of the unskilled and uneducated—may prove relatively the least dispensable. The promise of the situation for social readjustment arises from the very fact that for these groups there exist only small possibilities of substitution. Besides, when organized, they will be in a very strong position to oppose substitution. Even about this conclusion, one cannot afford to be cocksure, but many of the great elementary facts seem to argue that these lowest groups are those of indispensability. It is they who have the most to gain by organization, and it is they who will have the strongest place from which to urge their interest, once they are organized. These groups are hardest to organize and keep organized; yet their future lies in organization.*

We have come very near to Marx's idea of war between the classes, though economic analysis apparently reveals more than two classes and indeed makes room for the middle class. The vital facts of social unity or the course of revolution may after all combine all classes into the two classes of his historical drama, at least temporarily, though facts in England point rather the other way. Indeed, many parts of the world are not entirely free from the struggle he looked forward to. Only if men prove as brave and generous in peace as they have proven in war, can we avoid all the bitterness of the Marxian world; only if the large classes that get strength in organization develop great leaders and trust them; only if the rest of the world shows understanding. A larger place must be made for justice and a smaller one for social necessity. We are back again to our analogy with politics. Economic groups, as well as nations, will be able to live in peace only if they plan for peace and set to work deliberately to map out the principles on which it can rest. The answer is the same to both problems of society.

HERBERT FEIS.

THEORIES AND TESTS OF MONOPOLY CONTROL

The complex nature of monopoly control has required the best efforts of judges, legislators, and economists to define it. But as yet there is practically no agreement as to its description or its classification. In the recent decision of the Standard Oil suit, the Supreme Court of the United States said: "It is not necessary in this case, and we doubt whether in any case it is possible, to make a comprehensive definition of monopoly which will cover every case that might arise."¹ This statement relates to a question which has long baffled the jurists of England and the United States. At the same time the definition of this term has puzzled the members of Congress. In considering section two of the Clayton bill, Senator Gray confessed that he did not know what definition the courts of the United States had given to the word "monopoly." And Senator Hoar of the committee in charge of the bill replied that its members had also met with the same difficulty. But he had finally become satisfied that "the word monopoly is a merely technical term which has a clear and legal significance, and it is this: It is the sole engrossing to a man's self by means which prevent other men from engaging in fair competition with him." However, the latter did not think that the courts would consider a man a monopolist who by superior skill and intelligence "got the whole business because nobody could do it as well as he could." Obviously Senator Hoar was in error here, and in his reply to Senator Gray he brought out incidentally the greatest difficulty before our courts in this definition of monopoly. It is the important task of distinguishing between a monopoly established wholly by more efficient methods and one acquired by means which restrain competition and restrict trade. But this confusion of ideas is common to all investigators in the field of law and of economics. Certain it is, that all authorities are sadly at variance in their definition and classification of monopoly control; and this divergence is constantly accentuated by the influence of economic conditions. In view of this fact the most important theories and tests, as they are found in the opinions of jurists and economists, are presented here in emphasizing the economic and legal status of both the scarcity and efficiency monopolies.

English and American courts have taken at least six different attitudes in applying the theory of monopoly to concrete cases. First, under the early common law a person possessed a monopoly

¹ *Standard Oil v. United States*, 221 U. S. 27.

if he had secured a differential advantage which allowed him to maintain permanently a fixed price for any single commodity. And whether this monopoly was public or private, he was compelled under the provisions of this law to offer reasonable rates to all persons. In the second place, all English courts recognized the institution of monopoly as an allowance or exclusive grant from the king. However, it became illegal if it restrained a person's freedom or liberty or hindered his lawful trade. Also, at a much later time, monopoly has been defined in not a few states as absolute power or control over some specific branch of industry; and this principle, running through two stages of evolution is still a menace to our public welfare. Yet in other states, a small group of judges had realized by 1875 that to secure control over a large industry is practically impossible, that the public is often deliberately exploited by means of a limited or partial control over trade, and that when this partial control is sufficient to destroy effective competition, it constitutes a monopoly. Still again, another class of jurists have enforced the more radical theory, that the inchoate monopoly—the combination which possesses merely a definite tendency to suppress competition and to control price—is also illegal. The inchoate form is really a coöperative combination which has become a potential monopoly with power to eliminate competitors. This interpretation, needless to say, is a very broad construction of the meaning of monopoly, and where thoroughly enforced it should do much to check united action by combinations to destroy competition. Finally, the efficiency monopoly based wholly upon normal and more efficient methods of production occupies a secure foothold in American law. These six threads of economic theory more or less interwoven will be traced through the labyrinth of legal opinions and the writings of economists.

1. Strangely enough, the first important theory of monopoly to be accepted by both jurists and economists was the concept of a "differential" advantage by which the seller was able to control price. To overcome this economic advantage, the courts of medieval England forbade the establishment of a permanent price; buyers and sellers were accordingly compelled to bargain or higggle freely with each other. Of the various opinions on this point, none is more comprehensive than the statement of Chief Justice Hale: (a) No man according to Morgan's case was allowed to charge constant rates for unloading merchandise at English ports, but he

might make "particular agreements with every one."² (b) The owner of a private wharf or crane was entitled to any rate, provided it was secured by a separate agreement. (c) But if any person owned a public wharf, or the only one in a port, it was then affected with a public interest and he must charge only reasonable and moderate rates.³ In a similar suit, the defendant controlled a street used by the public; and Chief Justice Ellenborough declared: "If he will take the benefit of that monopoly, he must as an equivalent perform the duty attached to it on reasonable terms."⁴ It is therefore clear that every man could place any usual price on his own property, provided that a separate bargain were made with each purchaser. A monopoly based upon a differential advantage or privilege, then, was not necessarily illegal if all charges were fair and reasonable. The test of this monopoly was obviously the power of controlling exchange values; but as the ability of the purchaser to pay was always an important factor, the courts demanded separate agreements and a fair price.

Much later certain English economists adopted the concept of a differential monopoly, but the peculiar advantage held by the monopolist was not necessarily sufficient to allow him to fix exchange values. In this respect their ideas differed from those of the jurists. This theory of a differential monopoly appears in various discussions of rent. Thus Adam Smith says: "The rent of land, therefore, considered as the price paid for the use of the land, is naturally a monopoly price."⁵ In like manner the term monopoly is used by Malthus to describe a definite scarcity condition of the land or soil: "That there are some circumstances connected with rent which have an affinity to a natural monopoly will be readily allowed." And in the same paragraph he continues: "On this account, perhaps, the term partial monopoly might be fairly applicable."⁶ Still again, of a contemporary of Malthus, Ricardo has asserted: "Mr. Buchanan considers corn and raw produce as at a monopoly price, because they yield a rent: all commodities which yield a rent, he supposes must be at a monopoly price."⁷ But somewhat suddenly the theory of monopoly was so

² P. 11 Car. B. R.

³ *Hargrave's Tracts*, part II, ch. VI, pp. 77, 78.

⁴ *Alnut v. Inglis*, 12 East. 537.

⁵ *Wealth of Nations*, ch. XI, introduction.

⁶ *An Inquiry into the Nature and Progress of Rent*, p. 7.

⁷ Ricardo, *Principles of Political Economy*, p. 236.

greatly expanded by Senior that it includes both efficiency profits and the pure value surplus. According to this author any differential advantage arising from (a) soil or situation, (b) extraordinary talent of mind or body, (c) secret or protected processes, constitutes a monopoly. Clearly enough, Senior's concept embraces the differential advantages of efficiency and the natural advantages of soil and situation; for in his four classes of monopoly he has covered almost the entire field of industry.⁸ But in the works of J. S. Mill the idea of monopoly is again discussed almost entirely in connection with land: "It is at once evident," he explains, "that rent is the effect of monopoly; though that monopoly is a natural one." And again he says: "A thing which is limited in quantity, even though its possessors do not act in concert, is still a monopolized article."⁹ Few English economists, however, go so far as to apply the term monopoly gain to the returns on what Senior has defined as exceptional or rare natural gifts. In America we are familiar with the theory of a differential monopoly as it has been presented in the writings of Professor Simon N. Patten¹⁰ and Professor Emory R. Johnson.¹¹ These men make the concept of a differential monopoly include any surplus above costs which may be acquired in either production or consumption. In like manner this all-inclusive idea of monopoly, with its apparent confusion of earned and unearned incomes, may be found in the text of the French writer, Professor Gide: "The monopoly element is present everywhere. The small grocery store at the street corner enjoys a monopoly because of its location. A man's individuality, that is to say the simple fact that he is himself and not some one else, really constitutes a monopoly."¹²

This theory of a differential monopoly may be taken as one extreme view in the list of monopoly concepts; the other extreme is the theory of an absolute monopoly. At the present time the pendulum in economic and legal discussions has reached the theory of an absolute monopoly and is rapidly returning to the concept of a differential advantage or partial monopoly. Moreover, recent legal decisions containing the concept of a differential

⁸ Senior, *Political Economy*, p. 103.

⁹ J. S. Mill, *Principles of Political Economy*, bk. II, ch. XVI, sec. 2.

¹⁰ *Annals of the American Academy*, Jan., 1893; *Dynamic Economics*, pp. 63, 102, 107, 114.

¹¹ *Ann. Am. Acad.*, June, 1894.

¹² C. Gide, *Principles of Political Economy*, third edition, p. 626.

monopoly have led to an apparent conflict in judicial opinion. That is, one partial monopoly, according to the various tests applied by the courts, may be illegal, while a second one is wholly immune under the statutes. The first is similar to the early monopoly of the English common law; the second resembles much the differential monopoly of the classical economists. Clearly enough, the latter may increase in size and dominate industry so long as it does not eliminate competitors, unreasonably restrain trade, or control price. Protected by the "rule of reason" in judicial interpretations, it stands alone at one extreme, secure in law, as a monopoly of efficiency.

2. Doubtless the most persistent form of monopoly control to come before the early English courts was an exclusive grant from the king. According to Lord Coke, "A monopoly is an institution, or allowance by the king or by his grant, commission, or otherwise to any person or persons, bodies politique, or corporate, of or for the sole buying, selling, making, working, or using of any thing, whereby any person or persons, bodies politique, or corporate, are sought to be restrained of any freedom, or liberty that they had before, or hindered in their lawful trade."¹³ At least within certain prescribed limits, this grant was an exclusive monopoly. Especially did Coke emphasize the word "sole" in this connection. This adjective was applied to five things, four of which were the buying, selling, making, and working of a good, while the fifth was the "using" of it. Indeed, the terms "sole using" were considered so general that no monopoly could exist beyond the reach of the statute.¹⁴ The characteristics of an unlawful monopoly were, then, its exclusive powers and its restriction of a person's freedom or his trade. These were important tests, for it was held in common law that a man's freedom and his trade were his very life. Coke tells us that a man's "trade is accounted his life, because it maintaineth his life; and therefore the monopolist that taketh a man's trade taketh away his life."¹⁵ The part taken by this early monopoly in English history lends emphasis to its definition and to the accompanying tests given here by Lord Coke. Toward the end of the sixteenth century, the grant of special patents by the crown had been so frequently extended to ordinary trades and commerce that in these fields they were strongly opposed

¹³ Coke, *Third Institute*, ch. 85, p. 181. See statute, 21 Jac. 1 c. 3.

¹⁴ *Ibid.*, p. 181.

¹⁵ *Ibid.*, p. 181.

by common law courts. But Coke's definition of monopoly has left a lasting impression on American law; in fact, it has served as a legal basis for the concept of an absolute monopoly which is still a menace to the public welfare.

3. *The third important concept to appear in the common law was that of absolute and complete monopoly control. An appropriate precedent for this view was found in the old English case of Mitchell v. Reynolds.* It is said there that "it can never be useful to any man to restrain another from trading in all places . . . unless he intends a monopoly, which is a crime." This statement became the controlling principle of various decisions. The exclusion of a person from pursuing his trade within a state was therefore taken by American courts to be an improper exercise of monopoly power. Reference was often made, however, to two other statements from the same case, which conceded partial restraint of trade and hence convey more clearly the meaning of the court: "1st, That to obtain the sole exercise of any known trade throughout *England*, is a complete monopoly, and against the policy of the law. 2dly, That when restrained to particular places or persons (if lawfully and fairly obtained) the same is not a monopoly."¹⁶ These two excerpts distinguish, then, between monopoly and partial control over trade. The sole exercise of any known trade throughout England is a complete monopoly; and not until unified control over an industry is extended to state boundaries does it become a complete monopoly or a crime. Down to 1875 the comments expressed in this opinion dominated in greater or less degree legal discussion in all state cases relating to restraint upon American trade.

The obvious test here of monopoly control is simply size or territorial extent. The courts do not measure the size of a combination by the capital invested or by its output, but by its area; and to become a monopoly it must cover at least an entire state. Following this English theory, *size continued to be the judicial test of monopoly control* in American states throughout the first stage of the absolute theory.¹⁷

Furthermore, in this first stage, the principle of potential competition was a necessary complement of the absolute theory. It was held in harmony with English law that unless monopoly con-

¹⁶ 1 P. Wms. 187, 192.

¹⁷ This fact is denied by Professor Kales in *The Harvard Law Review* for June, 1917.

trol covered an entire state, distant or potential competition would furnish an effectual check upon the exercise of such power. Thus in 1839, the formal charge in a New York case that a combination had endeavored to secure a monopoly over transportation on the Erie canal, was considered by the court to be little more than a string of words; for "all the world besides were left at full liberty to enter upon the same enterprise."¹⁸ In this last statement lies, of course, the fundamental legal doctrine of potential competition. This leading opinion was cited later in the Wisconsin case of *Kellogg v. Larkin*, which involved an agreement between a group of mill owners and warehousemen to control the Milwaukee wheat market. To give emphasis to this view of monopoly, the court also quoted from the above-mentioned English case. Clearly enough, potential competition was relied upon to check the growth of monopoly power; and this principle was presented in a vigorous outburst: "I say there was no monopoly intended, none effected. We cannot fail to perceive, that in spite of this contract, all the rest of Wisconsin was an open and unrestricted market for the sale of wheat."¹⁹ The English doctrine penetrated as far west as California, as far south as Texas, and as far north as Ontario.

The second stage in this theory of absolute control had its genesis in Coke's definition of monopoly as a grant from the king. The evolution was timely, and bolstered most effectively the belief in an exclusive monopoly.²⁰ Moreover, with this second definition there is less tendency to emphasize potential competition or to make the limits of monopoly coincident with state boundaries. The direct connection between this definition and the more recent legal concept of absolute control may be traced in a number of instances. But in none is it more apparent than in Greene's case.²¹ Several definitions were reviewed by the court, and it was stated that each one contained two distinct elements which prevented the exercise of a right or liberty formerly open to the public. It was, therefore, concluded relative to any monopoly of interstate commerce that it must include an attempt to secure "an exclusive right in such

¹⁸ *Chappel v. Brockway*, 21 Wend. 163, 165.

¹⁹ 3 Pin. 144, 145.

²⁰ "A monopoly is when the sale of any merchandise or commodity is restrained to one, or a certain number; and has, says Coke, three inseparable consequences; the increase of the price, the badness of the wares, the impoverishment of others." 7 *Dane's Abridgment*, p. 38, ch. 205, art. 5; *City of Seattle v. Dencker*, 58 Wash. 501; *Wright v. State*, 88 Md. 436.

²¹ 52 Fed. Rep. 116. See *Patterson v. Wellman*, 5 N. D. 608, 615, 616.

trade or commerce by means which prevent or restrain others from engaging therein."²² On similar grounds but entirely independent of these first decisions, the courts of California have been able to retain the previously adopted theory of a complete monopoly by a well-rounded formula drawn from the definitions given in several dictionaries.²³ However, it is to be observed that even the latter definitions were usually drawn in turn from Coke's theory of an absolute monopoly.²⁴

This second stage in the evolution of the theory of absolute monopoly is more permanent than the first, but the present menace to the age-long competitive check against combinations may, perhaps, be only temporary. Moreover, this doctrine of complete and absolute control is being somewhat modified by present economic conditions. Since the sudden evolution in industrial combinations has foisted new problems upon the courts, the latter have been more or less at sea on questions concerning monopoly. English cases have been quoted less frequently, judges have been groping for precedents and authority; and, as in the case of California, dictionaries have often aided them in maintaining the idea of an absolute monopoly. But despite all this, the theory of an absolute monopoly is seldom in accord with concrete facts. Most monopolies are usually disposed of in state courts as mere associations in restraint of trade; some are branded as combinations to

²² Greene's case, 52 Fed. Rep. 116.

²³ *Herriman v. Menzies*, 115 Cal. 21.

²⁴ A marked tendency is also seen in the decisions of certain federal courts to transfer this absolute theory, irrespective of its original meaning, to combinations in restraint of trade. In 1892 various dealers in five states combined by contract to advance the price of pine lumber fifty cents above its regular quotation. It was held that the agreement was valid because it did not include the entire traffic in lumber or raise the price generally (*United States v. Nelson*, 52 Fed. Rep. 647.) Again, in a suit in Missouri involving the sale of goodwill, the federal court followed the definition given in the Greene case: "Monopoly implies an exclusive right, from which all others are debarred, and to which they are subservient." (*U. S. Chem. Co. v. Prov. Chem. Co.*, 64 Fed. Rep. 949.) In 1908, a circuit court of the United States quoted the definition of an absolute monopoly, but applied to the case at bar, however, the one given in the Century dictionary: "The possession or assumption of anything to the exclusion of other possessors: thus a man is popularly said to have a monopoly of any business of which he has acquired complete control." (*Continental Sec. Co. v. Interborough R. T. Co.*, 165 Fed. Rep. 956.) The following year, we find another federal court giving almost the same meaning to the word "monopoly" in the Anti-Trust Act of 1890. (*U. S. Am. War Stores Co. v. U. S.*, 172 Fed. Rep. 457.)

raise the price of necessities; others are condemned as conspiracies to injure competitors. Finally, it may be said that the law on this subject is rapidly crystallizing and that the definitions of what constitute an absolute or a complete monopoly are constantly growing less precise.

Still again, this theory of a complete monopoly finds its expression in the writings of many economists who restrict the monopoly control to one person or to a single group of persons. The first important concept in these definitions makes the essence of monopoly equivalent to single control or unity of action with respect to the supply and price of a commodity. Although this idea has certainly been in use for more than two centuries, it has grown in importance in recent years; and the fullblown theory is elaborated at length in several texts, both legal and economic. Professor Ely puts this idea into a very concise form in his definition of monopoly: "Monopoly means that substantial unity of action on the part of one or more persons engaged in some kind of business which gives exclusive control, more particularly, although not solely, with respect to price."²⁵ This is substantially the definition adopted in a more terse form by Professor Bullock in his *Introduction to the Study of Economics*: "A monopoly exists wherever one person or a combination of persons acquires control of the supply of a commodity."²⁶ How widely different this concept is from the previous ideas, which make monopoly equivalent to a differential advantage has been emphasized by both of these authors.

The same view is taken by Seager, Taussig, and F. M. Taylor. The first writer has drawn a distinction between monopoly and differential advantage: "In nearly every branch of competitive business differential advantages are found"; and competitors are themselves differently endowed, some being more capable than others and receiving larger returns. "Although important sources of income, such differential advantages are not the cause of monopoly profits."²⁷ Taussig also touches upon this topic of "differential advantage," and his conclusion is similar to that of Seager: "Rent has often been said to be due to monopoly. But this is not an accurate statement. The characteristic of monopoly

²⁵ R. T. Ely, *Monopolies and Trusts*, p. 13, 14.

²⁶ C. J. Bullock, *Introduction to the Study of Economics*, pp. 216, 309.

²⁷ H. R. Seager, *Introduction to Economics*, p. 188.

is single-handed control over the total supply.”²⁸ To make our analysis perfectly fair still another quotation may be added from a recent textbook. In discussing the subject of normal price as it occurs under conditions of monopoly, Professor F. M. Taylor has this to say: “Substantially the whole output or stock of not a few kinds of goods is in the exclusive control of a single natural or legal person. Such a condition of things is known as a monopoly. The person having such exclusive control of stock or output is said to have a monopoly.”²⁹ In denying the theory of a differential monopoly, each writer here has in turn founded monopoly upon exclusive command over supply, which is obviously identical with the legal principle of absolute control; and these excerpts stand as authoritative statements of the scarcity theory of monopoly control, a view still to be revised and supplemented before it will accord with the logic of concrete circumstances.

It is freely admitted, however, by writers who hold this particular view, that often only a partial control exists over the price or the supply. But even such a statement is usually vague for two reasons. Partial control may often mean more or less intermittent or limited interference in the price-making process with regard to product, time, or territory, and as such represents only a differential advantage on the part of a single group of men. Further, this control may be the result of mere coöperative effort on the part of energetic producers. By this obvious departure from the main premise of single-handed control over supply, the orthodox economic theory of monopoly control is greatly weakened, and varies from the idea of the classical economists only in assuming a greater degree of differential advantage, which finally gives partial control over price. Simply stated, all authorities are coming to the idea of a partial monopoly. In the doctrine of the classical theorists this advantage does not necessarily give control over either supply or price, while in the scarcity control of later writers, the advantage is sufficient to control price over a definite territory.

4. With the gradual decline in law of Coke's legal formula, there appeared the fourth important theory of monopoly. And strange to say, the famous opinion of the early Mitchell case in England also furnished the foundation for a belief in *partial monopolies*. It was explained there that voluntary restraints of trade are liable to abuse “from corporations, who are perpetually

²⁸ F. W. Taussig, *Principles of Economics*, vol. II, p. 107.

F. M. Taylor, *Principles of Economics*, p. 207.

laboring for exclusive advantages in trade, and to reduce it into as few hands as possible.”⁸⁰ This excerpt was often quoted verbatim or paraphrased by American courts. From this new point of view competitive checks were soon placed upon monopolies in the states of Massachusetts and Pennsylvania.⁸¹ And the tendency in both states to perpetuate free competition between combinations, was a welcome harbinger of a new tenet in judicial opinions. Indeed, as a principle involving the right to industrial liberty, it was soon to form the most potent check upon monopoly; for a marked divergence from the legal concept of an absolute monopoly began as early as 1875. Consequently, potential or distant competition is less emphasized. The first opinion to apply an active competitive check to a monopoly entirely within a state rendered void a contract between all the grain dealers in a single town in Illinois.⁸² Clearly enough, active competition within the *monopolized area* was recognized as the only adequate economic check upon this form of combination. Five years later, an Ohio court gave the much needed support to this idea of an active competitive check upon monopoly. An association formed for the purpose of controlling the sale of salt throughout the state was held to be in general restraint of trade; and the apparent tendency of the combination to establish a monopoly by a partial suppression of active competition was taken as sufficient cause for its compulsory dissolution.⁸³ During the next ten years the tide of legal opinion turned rapidly against monopolistic combinations, and in the last decade of the nineteenth century, as one might expect, the theory of a partial monopoly became firmly established in American law.

5. The fifth legal concept of monopoly made its appearance at least as early as 1880. This is the theory of a potential or inchoate monopoly, and it is admirably presented in this last decision: “It is no answer to say,” declared the court, “that competition in the salt trade was not in fact destroyed, or that the price of the commodity was not unreasonably advanced. Courts will not stop to inquire as to the degree of injury inflicted upon the

⁸⁰ 1 P. Wms. 190.

⁸¹ *Alger v. Thacker*, 19 Pick., 53, 54; *Taylor v. Blanchard*, 13 Allen, 375; *Morris Run Coal Co. v. Barclay Coal Co.*, 68 Penn., 185, 187.

⁸² The contract of 1859 was illegal simply because it enhanced the price of a prime necessity. (14 La. Annual 168.)

⁸³ *Central Ohio Salt Co. v. Guthrie*, 35 Ohio St. 672.

public; it is enough to know that the inevitable tendency of such contracts is injurious to the public."³⁴ This opinion represents the most radical evolution in common law rulings against combinations in restraint of trade. Any definite tendency which may seriously threaten active competition, is sufficient to render their formation illegal. It is, in fact, an effort to suppress inchoate monopolies. In several states, of course, this potential monopoly is quite secure; but in others it is plainly illegal.³⁵

However, extensive monopolies of this sort often exist on a mere tacit understanding; they are no longer exceptions to the rule. In *Harding v. American Glucose Company* it was emphasized that such unlawful combinations may be formed by verbal agreement.³⁶ And in similar cases in Kentucky, it is not necessary in order to obtain a conviction in court that there should be positive evidence that a combination was formed to regulate prices. It would be difficult, if not impossible, the Supreme Court has said, to secure witnesses who could testify to such facts.³⁷ Finally, upon this exact point the highest court in Michigan is most explicit: "The purpose and intent of the organization may be shown by its acts and the policy pursued after organization." It is not deemed necessary to furnishing evidence of this purpose, to prove that its organizers expressly bound themselves "to establish and maintain a monopoly."³⁸ The fundamental purpose of these various decisions is doubtless to condemn any tacit monopoly which is destructive to competition; but on the other hand, there is apparently no intention of hampering mere coöperative combinations, provided rival enterprises are allowed to compete freely.

³⁴ *Salt Co. v. Guthrie*, 35 Ohio St. 672.

³⁵ A most thoroughgoing opinion against it is to be found in a New York case: "If the monopoly sought to be established was one covering a part of the territory of the borough, or one district in the borough, so that the consumers in that portion of the city were deprived of the benefit of free competition, then the defendant would be just as guilty as though the monopoly extended to every foot of land within the boundaries of Manhattan." (*People v. Am. Ice Co.*, 120 N. Y. Supp. 457.) From this excerpt two facts are to be noticed: first, the smallest district within a borough is not exempt from the law; second, the primary test of illegality is the absence of free competition which is taken as an indication of monopoly. This decision, like many others, has gone to the heart of the problem by condemning virtually all monopoly agreements.

³⁶ 182 Ill. 617.

³⁷ *International Harvester Co. v. Commonwealth*, 144 Ky. 403, 408.

³⁸ *Attorney General v. National Cash Register Co.*, 182 Mich. 108.

We may now emphasize the legal tests of both partial and inchoate monopolies. Every combination in restraint of trade coming before American courts is carefully analyzed and subjected to several tests of monopoly control. Its tendency to injure the public by controlling price is the most easily recognized indication of this monopoly power. Thus the concession was made by a court, which formerly held the theory of *absolute control*, that a monopoly, as now understood, "embraces any combination the tendency of which is to prevent competition in its broad and general sense and to control prices to the detriment of the public."³⁹ "Again, the question in the end is," said a court of New York in referring to a *partial monopoly*, "Does it inevitably tend to public injury?"⁴⁰ At another time the Supreme Court of Ohio recognized the effect of monopoly power upon industrial liberty and upon the price of commodities: "By the invariable laws of human nature," declared the court in referring to a monopoly, "competition will be excluded and prices controlled in the interest of those connected with the combination or trust."⁴¹ Indeed, since 1888 considerable stress has been placed in state decisions upon injury to the public through the restriction of production and the enhancement of prices; and the place which "scarcity control" occupies in the legal theory of monopoly is probably fully in proportion to its importance. It is emphasized that any combination which has a tendency to diminish production, to limit competition, and to increase prices, is a common law offence, contrary to the policy of the state, and consequently void.⁴² In fact, since the great "Case of Monopolies" of Lord Coke's time,⁴³ raising the price of necessities by combination has been a common law offense; but on the whole, injury to the consumer is not regarded by the courts as the most serious evil of monopoly.

The second and greatest evil of monopoly here is taken to be the direct injury which it exerts upon producers. If the monopolist is only able, by means of a more efficient process, to lower values and destroy competition, his power over price is limited; but this

³⁹ *State v. Eastern Coal Co.*, 29 R. I. 262.

⁴⁰ *People v. North River Sugar Refining Co.*, 3 N. Y. Supp. 413.

⁴¹ *State v. Standard Oil Co.*, 49 Ohio St. 187.

⁴² *Richardson v. Buhl*, 77 Mich. 658; *Foss v. Cummings*, 149 Ill. 359; *Chicago Coal Co. v. People*, 214 Ill. 449; *Nester v. Brewing Co.*, 161 Pa. 481; *Pocahontas Coke Co. v. C. and C. Co.*, 60 W. Va. 519; *Lufkin Rule Co. v. Fringeli*, 57 Ohio St. 607, 609.

⁴³ 11 Coke's Rep. 86b.

partial control may, nevertheless, become an important phase of monopolistic aggression. For centuries, courts have been declaring that monopoly and restraint of trade offend the common law right of free trade between subjects, which protects alike producers and consumers. And in emphasizing these evils judges seldom get far from the important injuries to producers. For example, an early conception of a monopoly by state courts was a combination which prevented the citizen from pursuing his own business unless he migrated to some other state. Monopoly was, therefore, condemned because its general effect was to encourage idleness, injure industry, create exclusive privileges, and influence the price of things produced by labor.⁴⁴ Monopolies were also found to conflict with the common law because they destroyed trade by "extinguishing free and healthy competition."⁴⁵ The basic evils of monopoly are, therefore, said to lie in the destruction of competition, impoverishment of producers, restriction of product, and enhancement of prices. From this point of view, then, the power to fix price is only a secondary phase of monopoly control. This thought is put tersely in a Rhode Island case: "The act of fixing the price is only an attribute of a monopoly, an indicium by which it may be classified. It is a symptom, but it is not the disease itself."⁴⁶

The third indication of monopoly power is the absence of competition between enterprises covering a definite field. This is a delicate test. It serves to differentiate the lawful coöperative combination from the partial, but not always from the inchoate, monopoly. The partial monopoly has, in the view of the courts, succeeded more or less in excluding competition and controlling price. But it would seem that the inchoate monopoly possesses full power to eliminate, though it has not definitely restricted, competition within a certain district; and in the absence of any advantage other than that of the technical process it is really an efficient monopoly. Take for example the decision of the Supreme Court of New York in *People v. American Ice Company*.⁴⁷ The court is really attacking a potential monopoly, or one which could

⁴⁴ *Taylor v. Blanchard*, 95 Mass. 375; *Union Strawboard Co. v. Bonfield*, 193 Ill. 426; *Lange v. Werke*, 2 Ohio St. 527; *Lufkin Rule Co. v. Fringeli*, 57 Ohio St. 603; *Sutton v. Head*, 86 Ky. 158; *Pike v. Thomas*, 4 Bibb, 485.

⁴⁵ *Georgia Fruit Exchange v. Turnipseed*, 62 So. Rep. 545.

⁴⁶ *The State v. Eastern Coal Co.*, R. I. 265.

⁴⁷ 120 N. Y. Supp. 457-8.

not at least succeed in gaining more than partial control over the ice trade in Manhattan. The absence of competition is made the test of monopoly control, and the definition of monopoly becomes so broad that it is equivalent to a partial control over price and to a differential advantage over competitors. These comments refer more particularly to state decisions. But a federal court in deciding against the International Harvester Company, declared: "It substantially suppressed all competition between the five companies, and the restraint of competition between combining companies is as illegal as destruction of competition between them without combining."⁴⁸ Moreover, at the present time, the Supreme Court of the United States is steadily insisting upon a broad interpretation of monopoly power—a view which is in harmony with the common law definition. To vitiate a combination, it is only essential to show that it really tends to deprive the public of the advantages which flow from free competition.⁴⁹

The fourth indication of monopoly control is the obvious *intention* or purpose of a combination to restrain or monopolize trade. This is usually shown in the excluding practices and methods so generally condemned by American courts. For example, in ordering the dissolution of the Corn Products Company, the federal court recently emphasized the deliberate purpose of the combination "which has shown such an inveterate and incorrigible insistence upon interfering with the course of commerce which the law demands."⁵⁰ In like manner the Supreme Court of the United States has condemned the acts of similar combinations, but at the same time it has drawn a distinction between the "intent" and the "method" by which unreasonable restraints may have been established. Whether a particular act is "a reasonable or normal method in furtherance of trade and commerce may, in doubtful cases, turn upon the intent to be inferred from the extent of the control thereby secured over the commerce affected, as well as by the method which was used. Of course, if the necessary result is materially to restrain trade between the states, the intent with which the thing was done is of no consequence. But when there is only a probability, the intent to produce the consequences may

⁴⁸ *United States v. International Harvester Co.*, 214 Fed. Rep. 994.

⁴⁹ *Addyston Pipe Co. v. United States*, 175 U. S. 224; *United States v. Knight*, 156 U. S. 16; *Northern Securities Co. v. United States*, 193 U. S. 340; *Waters-Pierce Oil Co. v. Texas*, 212 U. S. 110.

⁵⁰ *United States v. Corn Products Refining Co.*, 234 Fed. Rep. 1018 (1916).

become important.”⁵¹ Also, in referring to the exclusive contracts made with dealers by the Eastman Kodak Company, the court said: “All this and more, it may be conceded, separated from other acts, might furnish no ground for holding that there was an illegal monopoly; but the arbitrary enforcement of the restrictive conditions by the establishment of a system of espionage, and the keeping of records of violations of such conditions, with a view of penalizing such dealers, are evidence of an intention to promote a monopoly.”⁵² It will be seen at once that this particular test is psychological in character, and is especially pertinent to the detection of the inchoate monopoly.

The fifth test of monopoly depends upon the *inherent nature* of a combination which, irrespective of any vicious purpose, may be the result of several causes. (a) It may be due to the physical conditions in production. Yet these conditions may be taken as proof of a wrongful intent or purpose. For example, the Supreme Court has said in relation to the unification of the terminal facilities in St. Louis: “The physical conditions which compel the use of the combined system by every road which desires to cross the river, either to serve the commerce of the city or to connect with lines separated by the river, is the factor which gives greatest color to the unlawfulness of the combination as now controlled and operated.”⁵³ (b) That acquired powers may constitute a monopoly is seen in another case. The supreme court of Missouri has declared that when men deliberately “acquire power that will enable them to control the market, if they choose to exercise it, there is no use for them to say that they did not intend to control the trade or limit competition, nor is it any use for them to say ‘We have not used the power to oppress any one.’”⁵⁴ (c) In the next place, the inherent nature to restrain trade may be largely the result of individual contracts which in themselves are wholly free from unlawful purposes. Yet the judgment of the court “is one of condemnation, no matter how innocent otherwise or praiseworthy the motives of those who had part in it.”⁵⁵ (d) Finally,

⁵¹ *United States v. Reading Co.* 226 U. S. at p. 370. See *United States v. St. Louis Terminal Association*, 224 U. S. 394; *Swift and Co v. United States*, 196 U. S. 375.

⁵² 226 Fed. Rep. 78.

⁵³ *United States v. St. Louis Terminal*, 224 U. S. 398.

⁵⁴ *State v. International Harvester Co.*, 237 Mo. 394.

⁵⁵ *United States v. Motion Picture Patents Co.*, 225 Fed. Rep. 808.

the plan of combination as a whole may afford evidence of its illegality. "It is suggested," said the Supreme Court in a recent case, "that the several acts charged are lawful, and that intent can make no difference. But they are bound together as the parts of a single plan. The plan may make the parts unlawful."⁵⁶ In this relation another pertinent decision has appeared in a very recent case. Indeed, it was emphasized that "every element considered singly may be wholly innocent; but the question of an existing monopoly, or an intended monopoly, is to be determined by the effect of all the elements which are in fact combined."

6. Finally, we may turn to the efficiency monopoly which is established solely by more efficient methods—the normal result of better organization and more skillful management. It increases in size by building additional plants or by purchasing new enterprises; and profits are acquired because of a reduction in costs or an enlarged output. No restrictions may have been placed upon competition or trade; prices may have fallen; and consumers as a whole may have been benefited. None the less, rival enterprises are forced to discontinue production, and the more efficient competitor—a monopoly—is able to dominate the particular field of industry. We may easily recall Senator Hoar's description of the man who by superior skill and intelligence "got the whole business because nobody could do it as well as he could." This form of monopoly holds a peculiar place in American law, and its significance has not been sufficiently emphasized.

In determining its validity, it seems necessary to refer, by way of explanation, to the differential concept of monopoly presented at the beginning of this paper. The differential advantage of the monopolist under the early common law, if exercised freely, would have allowed him to control exchange values; he was therefore compelled to make separate agreements with purchasers and to charge a fair price. On the other hand, his differential advantage, according to the early English economists, was not necessarily sufficient to permit him to control price. This is the second form of the efficiency monopoly. These two distinct ideas have been applied in determining the legality of the efficiency monopoly of the present time. Any efficiency monopoly that eliminates competitors and controls price, or has the power to do so, is declared illegal. The second form of this monopoly, however, does not possess the power to control price and holds, therefore, a secure

⁵⁶ *Swift and Co. v. United States*, 196 U. S. 396.

position in American law. These two facts explain why the validity of the efficiency monopoly is apparently a much mooted question. Courts are consistently applying to it the various tests of legality, but obviously as their theories now include the differential concept of the classical economists, a vast number of monopolies are not illegal.

The first form of the efficiency monopoly may be attacked at two points. In the first place, destruction of competition within a given area is considered in itself a restraint of trade; it discourages the development of industry and lessens the incentive to serve the public. Moreover, the direct result is to deprive men of their means of gaining a livelihood, which is the cardinal evil of monopoly. In a word, competition is necessary to secure efficient methods and needed products. In the second place, the monopoly possesses a tremendous power which may produce evil results. Consequently, courts are suspicious of such power; and if it is interpreted as an inherent tendency to injure trade, the monopoly becomes, thereby, illegal. Indeed, the large coöperative combination walks perilously close to the legal limit when it eliminates weak competitors; for it is difficult to draw the line between lawful coöperation and monopoly except by the competitive test.

On the other hand, the second form of the efficiency monopoly is usually considered legal. One federal court has said: "Size does not of itself restrain trade or injure the public; on the contrary, it may increase trade and may benefit the public."⁵⁷ Another has stated that an attempt to monopolize a part of interstate commerce, which but indirectly restricts competition, while its chief effect is to increase the trade of those who make it, was not made illegal by the statute under consideration, "because such attempts are indispensable to the existence of any competition among the states."⁵⁸ Courts reiterate that there is no limit to the normal growth of an enterprise, but this is usually qualified immediately by the statement that if the necessary result of an enterprise is to restrain trade, it becomes at once illegal. In this relation, the Supreme Court of the United States has emphasized that: "Monopolies are created in various ways, and may constitute partial restraints of trade which of themselves are not unreasonable; and contracts or combinations creating them are not necessarily invalid. The statute prohibits only such monopolies as are

⁵⁷ *U. S. v. Keystone Watch Company*, 218 Fed. Rep. 510.

⁵⁸ *Whitwell v. Continental Tobacco Co.*, 125 Fed. Rep. 463.

unjust and unreasonable restraints of trade.”⁵⁹ In a word, the “rule of reason” as interpreted by the Supreme Court has served to preserve this second form of efficiency monopoly.⁶⁰

As the previous opinions possess a remarkable pertinency to any practical plan of monopoly control, several facts should be carefully considered by both jurists and economists:

1. Starting with the differential concept of the medieval law, English courts passed gradually to the theory of an absolute monopoly; but at present there is a most positive reaction to the doctrine of partial control. Almost simultaneously the same cycle in economic thought was traced in the works of the most eminent economists; consequently, in both the fields of legal and economic theory two diametrically opposite views confront the investigator in his study of monopolies. Both theories contain certain dangers, but, above all, there lies in the theory of an absolute monopoly a constant menace to trade.

2. Again, concomitant with the idea of absolute monopoly, which was accepted practically without qualification by American courts down to 1836, there went the consistent belief that potential competition constituted an adequate remedy for monopolistic combinations. Fortunately its final rejection prepared the way for a closer study of trade restraint. Certainly, the principle of potential competition can no longer be seriously advocated either by jurists or economists.

3. Still again, with the passing of this theory due recognition was given to the growing danger from partial monopolies. Except for California, New York, and Rhode Island, our state courts had realized by 1880 the total inadequacy of the English theory of absolute monopoly control. These facts place even the more recent economic treatises on trusts and monopolies in a peculiar light; for their authors have built both the theory and the classification of monopolies almost entirely upon the deductive principle of absolute control. But even the courts of New York had discarded this overworked idea at least a decade before these books were written.

4. Clearly enough, the task of courts and legislatures has only just begun. Certain efficiency monopolies exist which never raise

⁵⁹ *U. S. v. Eastman Kodak Co.*, 226 Fed. Rep. 65.

⁶⁰ See also *Nash v. United States*, 229 U. S. 376; *U. S. v. du Pont de Nemours and Co.*, 188 Fed. Rep. 151; *U. S. v. Eastman Kodak Co.*, 226 Fed. Rep. 80; *U. S. v. Keystone Watch Co.*, 218 Fed. Rep. 510.

prices above the competitive level. Nevertheless, they may vanquish rival producers by the two great weapons of monopoly power—unfair competition and contractual restraint of trade. We may legislate against them, but deny the coöperative combination which gives them birth a place in our economic system we cannot. The problem of establishing a permanent rift between the coöperative combination and the efficiency monopoly is a new task which neither theorist nor legislator has yet begun to appreciate.

5. Lastly, these legal opinions have made it necessary for us to revise the usual classification, and to contrast the efficiency with the scarcity monopoly. The first endeavors to reduce costs and to drive out competitors in establishing control over an industry; the second seeks to raise prices by restricting production. The distinguishing characteristic lies in the method of price control. We must therefore conclude that the courts are struggling over a distinction between a broad and a narrow construction of the common law remedy, between a potential and an active competitive check, between the legality of a coöperative combination and an efficiency monopoly, and, finally, between absolute and partial control of trade.

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STATISTICS OF INCOME

The volume entitled *Statistics of Income* was compiled under the direction of the Commissioner of Internal Revenue from the returns of individual and corporate incomes for 1916. Its publication marks a new epoch in American income statistics. It makes available for the first time an analysis of the personal and corporate incomes of the United States which answers a number of questions that economists, statisticians, and publicists have long been asking. How has the number of large incomes in the United States grown as compared with smaller incomes? What are the sources of individual incomes; what portion thereof consists of incomes from property and what portion from personal services? What part do dividends and the corporate form of organization play in the determination of individual incomes of large size? What of the relative incomes received by different occupations and businesses? All these questions concerning individual incomes are answered, so far as an answer is possible, from an analysis of the individual income tax returns for 1916.

For corporate incomes the report takes up again the thread which was dropped in 1914, and gives us once more the net income of corporations subdivided by industries. If the analysis in the *Statistics of Income* can be continued for a decade and gradually improved and amplified, the dark places of economics bid fair to receive much illumination.

Growth in Incomes Reported

The volume presents in comparative form the number of returns filed at various income ranges for the years 1914, 1915, and 1916. Table 1 below, prepared from the tabulation on page 15, shows the incidence of the European war upon personal incomes during the years previous to our entrance into the conflict. The percentages of increase of 1916 over 1914 are progressive, rising with each income class, and reaching a maximum of 255 per cent for incomes from \$400,000 to \$500,000. Clearly the rich grew richer as a result of the war.

Even these totals do not reveal the extent to which the war has played into the hands of the richer people in each community. When the states are divided into groups on the basis of the relative number of incomes which fall in the upper ranges, as is done in

TABLE 1.—NUMBER OF INCOME TAX RETURNS BY CLASSES, 1914-1916.

Incomes	Total number of returns			Percent- age of 1916 to 1914	Percent- age of 1916 to 1915
	1914	1915	1916		
\$3,000- \$4,000....	82,754	69,045	85,122	102.8	123.8
4,000- 5,000....	66,525	58,949	72,027	108.3	122.2
5,000- 10,000....	127,448	120,402	150,551	118.1	125.0
10,000- 15,000....	34,141	34,102	45,305	132.7	132.9
15,000- 20,000....	15,790	16,475	22,621	143.8	187.3
20,000- 25,000....	8,672	9,707	12,956	149.4	132.4
25,000- 30,000....	5,483	6,196	8,055	146.9	130.0
30,000- 40,000....	6,008	7,005	10,068	167.5	143.7
40,000- 50,000....	3,185	4,100	5,611	176.1	136.8
50,000- 100,000....	5,161	6,847	10,452	202.3	152.6
100,000- 150,000....	1,189	1,793	2,900	243.9	161.9
150,000- 200,000....	406	724	1,284	316.2	177.3
200,000- 250,000....	233	386	726	311.1	188.1
250,000- 300,000....	130	216	427	328.5	197.7
300,000- 400,000....	147	254	469	312.2	184.6
400,000- 500,000....	69	122	245	355.1	200.8
500,000-1,000,000....	114	209	376	329.8	179.9
1,000,000 and over....	60	120	206	343.3	171.7
Total.....	357,515	336,652	429,401	120.1	127.5

Table 2 (p. 504), the fact is revealed that the rate of increase for rich people in states which have practically no incomes above \$75,000 is quite as striking as it is for the state of New York. Group I¹ contains those states in which the incomes of few individuals exceed \$75,000. In Group II² there are few that exceed \$150,000. Group III³ consists of all the remaining states except New York, which is shown separately because of the large number of incomes in the higher ranges.

Table 3 shows the percentages of increase of 1916 over 1914 in each group.

¹ Group I—Alabama, Alaska, Arizona, Arkansas, Florida, Hawaii, Idaho, Kansas, Kentucky, Mississippi, Montana, Nevada, New Hampshire, New Mexico, North Dakota, Oregon, South Carolina, South Dakota, Utah, Wyoming.

² Group II—Colorado, District of Columbia, Georgia, Indiana, Iowa, Louisiana, Maine, Nebraska, North Carolina, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin.

³ Group III—California, Connecticut, Delaware, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, Ohio, Oklahoma, Pennsylvania, Rhode Island.

TABLE 2.—NUMBER OF INCOME TAX RETURNS AS REPORTED TO THE COMMISSIONER
OF INTERNAL REVENUE.
1914

Income class	Group I	Group II	Group III	New York
\$3,000- \$4,000.....	6,233	17,261	42,411	16,849
4,000- 5,000.....	4,741	12,460	34,712	14,612
5,000- 10,000.....	8,734	22,441	66,881	29,392
10,000- 15,000.....	2,125	5,585	17,711	8,720
15,000- 20,000.....	810	2,359	8,316	4,245
20,000- 25,000.....	414	1,152	4,644	2,462
25,000- 30,000.....	250	710	2,900	1,613
30,000- 40,000.....	233	700	3,239	1,836
40,000- 50,000.....	117	357	1,694	1,017
50,000- 75,000.....	103	340	2,001	1,216
75,000-100,000.....	50	135	816	500
100,000-150,000.....	19	99	645	426
150,000-200,000.....	6	22	220	158
200,000-250,000.....	4	18	112	99
250,000-300,000.....	1	17	47	65
300,000-400,000.....	1	6	74	66
400,000-500,000.....	1	9	32	27
500,000 and over....	0	7	65	102
Total.....	23,852	63,678	186,520	83,405

1916

\$3,000- \$4,000.....	6,976	19,192	43,920	15,034
4,000- 5,000.....	5,647	14,551	38,009	13,820
5,000- 10,000.....	11,560	28,083	80,025	39,895
10,000- 15,000.....	3,204	7,858	24,437	9,810
15,000- 20,000.....	1,492	3,530	12,178	5,418
20,000- 25,000.....	791	1,909	6,999	3,254
25,000- 30,000.....	446	1,104	4,327	2,178
30,000- 40,000.....	508	1,343	5,417	2,800
40,000- 50,000.....	264	621	3,052	1,674
50,000- 75,000.....	275	785	3,850	2,165
75,000-100,000.....	120	336	1,796	1,125
100,000-150,000.....	87	266	1,541	1,006
150,000-200,000.....	32	102	683	467
200,000-250,000.....	12	52	358	304
250,000-300,000.....	13	24	225	165
300,000-400,000.....	10	24	243	191
400,000-500,000.....	4	10	131	99
Over 500,000.....	3	26	250	306
Total.....	31,444	79,816	227,441	90,701

TABLE 3.—NUMBER OF INCOME TAX RETURNS PERCENTAGE OF 1916 TO 1914, BY CLASSES.

Income class	Group I	Group II	Group III	New York	Total
	(Per cent)	(Per cent)	(Per cent)	(Per cent)	(Per cent)
\$3,000- \$4,000	127	111	103	89	103
4,000- 5,000	119	116	109	95	108
5,000- 10,000	132	125	119	105	118
10,000- 15,000	150	140	138	112	133
15,000- 20,000	184	149	146	128	143
20,000- 25,000	191	165	151	132	149
25,000- 30,000	171	155	149	135	147
30,000- 40,000	218	192	167	152	168
40,000- 50,000	225	174	180	164	176
50,000- 75,000	267	231	192	178	203
75,000-100,000	240	249	220	225	244
100,000-150,000	457	268	239	260	244
150,000-200,000	533	463	310	295	316
200,000-250,000	300	288	319	307	311
250,000-300,000	1300	141	479	254	329
300,000-400,000	1000	400	328	290	312
400,000-500,000	400	111	409	366	355
500,000 and over	000	371	385	300	335
Average increase	133	126	122	109	122

This group table shows that the number of rich individuals in communities where the higher incomes are relatively small increased by even a larger percentage than in states like Pennsylvania, Massachusetts, and New York. Group I shows an increase in incomes above \$30,000 quite as marked as any of the other groups. In each group the relatively large incomes are the ones that have increased most rapidly in number.

The small increase in the number of lower incomes reported fails to represent the actual facts with respect to the growth of incomes of this class. Previous to 1917 the incomes of married persons, where these were between \$3,000 and \$4,000, were not subject to tax. Most people with small incomes soon discovered that the revenue agents seldom disturbed them when they failed to report. For incomes between \$4,000 and \$5,000 the portion above \$4,000 was subject to tax, but the amount was so small that it did not attract the attention of the Department of Internal Revenue. The danger of discovery was less for the incomes which were near the exemption point than for the higher incomes.

The *Annual Report of the Commissioner of Internal Revenue* for the fiscal year ended June 30, 1918, shows 697,055 incomes over \$3,000 reported for 1917. There is no doubt that the lowering of the exemption from \$4,000 to \$2,000 is the chief rea-

son for this increase, and that the largest per cent of growth in the number of incomes reported was in those that fall in the \$3,000 to \$4,000 class. The number of such incomes reported in 1917 was more than 200 per cent of 1916. This seems to indicate pretty clearly that there was a large amount of evasion and failure to report in 1916 for incomes between \$3,000 and \$5,000.

The comparison which has just been drawn is subject to one minor qualification. In the previous years the number of incomes reported included the total number of individuals making returns at each income range. When husbands and wives made separate returns in 1916, the net incomes reported by them were combined and included as one return in the class into which the combined income fell. There are 7,635 of these returns. If in 1914 the husband reported an income of \$90,000 and the wife reported separately an income of \$220,000, they were counted as two returns, the husband in the group \$50,000 to \$100,000, and the wife in the group \$200,000 to \$250,000. If their incomes remained the same in 1916, they were included as one return in the group \$300,000 to \$400,000. It is impossible to say to what extent this change in the method of compilation has served to increase the percentage of increase in the number of income returns in the higher ranges in 1916 over 1914. Probably it has had little effect. While in the case just assumed it would increase the number in the higher income ranges and reduce the number in the lower, it would have the opposite effect if both husband and wife had incomes of \$500,000 and over. In view of the small number of incomes involved, it is a safe guess that the relative increase in the different income ranges would not be modified in any important manner if the compilation had been made on the basis of previous years.

Sources of Individual Incomes

These data concerning the growth in the number of incomes have always been available in the annual reports of the Commissioner of Internal Revenue. Of more interest to the economist and statistician are the data contained in the analysis on page 32 of the volume, which shows the sources of the individual incomes reported. The total gross income reported amounted to \$8,349,-901,983. The sources of this income are shown under the two headings of income from personal services and income from property. This conforms to the English classification of earned and

unearned income. The various sources and the income derived from each source are as follows:

Income from personal services:

Salaries, wages and commissions.....	\$1,478,346,372
Professions and vocations.....	368,141,539
Business, trade, commerce, and partnership gains and profits.....	2,642,263,385

Total income from personal service and business..... \$4,488,751,296

Per cent of gross income..... 53.76

Income from property:

Rents	\$601,919,604
Interest on notes, bonds, mortgages, etc.....	667,566,376
Fiduciaries	379,795,249
Royalties	41,883,053
Income from foreign sources.....	33,517,780
Dividends	2,136,468,625

Total income from property..... \$3,861,150,687

Per cent of gross income..... 46.24

Total gross income..... \$8,349,901,983

Less general deductions..... 2,051,324,363

Total net income..... \$6,298,577,620

The results of an analysis of these figures thrown into the form of percentages, are compactly presented in Table 4. The income derived from salaries and professions forms almost half of the incomes under \$5,000; if income received from state and local governments were not exempt, these incomes would form a still larger percentage of the total. For the person in these lower income ranges real estate seems to be the staple investment, as is shown by the proportion of the income received from rents. The percentage of income received as interest is surprisingly small, and is the most nearly uniform throughout the income ranges. This table understates the amount of interest received because of the exemption of interest on state and municipal bonds. Business gains and profits is the column which, as it stands, is least dependable, for of the \$2,051,324,363 of general deductions, the major portion consists of the expenses of carrying on the business which yields these incomes. Most striking of all is the portion of the various incomes which consists of dividends. It is clearly evident that the profits of business enterprises are the source of large incomes and of large property accumulation. There is here abundant evidence too of the extent to which the more profitable and extensive business enterprises have become organized under the corporate form. Out of a total of \$8,349,901,983 of gross income reported, dividends make up a total of \$2,136,468,625 or 25.6 per cent.

TABLE 4.—SOURCES OF GROSS INCOME BY CLASSES.

Income class (In thousands)	Income from personal services, salaries, etc., and professions	Rents	Fiduciaries, royalties, and income from foreign securities	Interest on notes, bonds, mortgages, etc.	Business, trade, commerce, partnership gains and profits	Dividends	Total gross income
	(Percent)	(Percent)	(Percent)	(Percent)	(Percent)	(Percent)	(Percent)
\$3- \$4	47.8	14.0	1.5	7.6	24.0	5.1	100
4- 5	46.0	11.9	2.6	7.4	29.4	2.8	100
5- 10	36.4	10.5	3.1	8.0	32.6	9.5	100
10- 20	25.8	8.6	5.2	8.4	32.5	19.5	100
20- 40	18.8	6.3	6.0	8.6	31.8	28.5	100
40- 60	13.8	5.5	6.9	8.6	31.6	33.6	100
60- 80	12.8	4.8	6.3	8.2	33.3	35.1	100
80- 100	10.7	4.8	7.6	7.8	31.4	37.7	100
100- 150	11.1	3.4	7.7	8.0	33.0	36.8	100
150- 200	7.6	3.2	8.7	7.8	33.2	39.5	100
200- 250	7.9	3.3	7.6	7.9	33.7	39.6	100
250- 300	6.6	3.1	9.3	7.2	30.5	43.3	100
300- 500	5.5	2.9	9.2	7.0	36.3	39.1	100
500-1,000	4.4	2.9	10.3	7.5	30.6	44.3	100
1,000-1,500	4.1	3.8	6.5	8.5	33.0	44.1	100
1,500-2,000	2.8	9.3	5.3	6.6	28.3	47.6	100
2,000 and over	0.5	1.9	3.2	6.9	28.1	59.4	100
Total	22.1	7.2	5.4	8.0	31.7	25.6	100.0

Table 5, given below, shows the percentage of dividends to net income at each income range. They constitute 34 per cent of the total net income of \$6,298,577,620.

TABLE 5.—NET INCOME REPORTED IN 1916 AND PER CENT CONSISTING OF DIVIDENDS.

Income class	Net income	Dividends	Per cent dividends to net income
			(Per cent)
\$3,000- \$4,000	\$301,624,728	\$24,587,123	8.2
4,000- 5,000	323,044,287	13,453,587	4.2
5,000- 10,000	1,037,247,977	144,286,827	13.9
10,000- 20,000	944,118,211	260,083,061	27.5
20,000- 40,000	862,081,972	321,060,222	37.2
40,000- 60,000	450,266,493	189,683,943	42.1
60,000- 80,000	300,086,344	133,595,894	44.5
80,000- 100,000	223,919,898	105,115,248	46.9
100,000- 150,000	357,355,318	158,826,168	44.4
150,000- 200,000	223,550,085	108,031,135	48.3
200,000- 250,000	163,779,134	75,720,234	46.2
250,000- 300,000	118,530,187	60,818,345	51.3
300,000- 500,000	271,938,017	127,339,717	46.8
500,000-1,000,000	256,771,325	136,169,725	53.0
1,000,000-1,500,000	117,319,821	60,707,271	51.7
1,500,000-2,000,000	71,465,199	38,906,751	54.4
2,000,000 and over	275,478,624	178,088,374	64.6
Total.....	\$6,298,577,620	\$2,136,468,625	33.9

The figures of dividends reported in 1916 throw some light upon the distribution of corporate securities. In another place I have estimated the corporate dividends paid in this year at \$3,784,000,000.⁴ Fifty-six per cent of all dividends are therefore paid to people with taxable incomes of \$3,000 and over. In using this statement for general statistical purposes it must be borne in mind that certain personal incomes amounting to more than \$3,000 are not reported to the Commissioner of Internal Revenue, and are therefore not included here. If the salaries of employees of state and municipal governments, which are exempt, were reported, it would undoubtedly bring within the income tax law a considerable number of incomes from property which are received by these state employees but which are not large enough in themselves to bring them under the law. Thus if an individual has income from rents, interest, and dividends of \$2,000 and receives a salary of \$3,500 from a state university or normal school, his entire income is omitted from the figures as here presented. A qualification of similar nature applies to the incomes received from interest. Not only are the incomes of state employees omitted, but the interest received from state, municipal, and other government bonds, except certain portions of the last four liberty loans, are also omitted. The total amount of interest received by those having incomes over \$3,000 is relatively less than the portion of the total dividends of the country which goes to them. I estimate that the interest paid by corporations alone during 1916 was \$1,700,000,000. The total amount reported by people with incomes of \$3,000 and over is \$667,566,376. We do not know how much of this interest comes from sources other than corporate securities, such as real estate mortgages, but after making some reasonable allowance for these it seems pretty evident that not more than 30 to 35 per cent of the interest-bearing obligations of corporations are held by persons having incomes of \$3,000 who reported to the Department of Internal Revenue in 1916.

It is evident that in forecasting the taxable net income for legislative and administrative bodies, dividend payments are the most important single factor in the computation of the surtax. For incomes of \$20,000 and over they form more than 60 per cent of the net income.

If all salaries and interest were subject to the income tax law, people with incomes of \$3,000 or over would be found to receive a

⁴*The War and the Supply of Capital*, AMERICAN ECONOMIC REVIEW, Supplement, 1919, page 87.

larger part of the corporate dividends paid. An examination of Table 4 discloses the fact that the percentage of incomes consisting of interest and dividends is larger for incomes between \$3,000 and \$4,000 than for those between \$4,000 and \$5,000. This is probably due to this other fact of the omission of certain salaries from the income tax returns, which salaries either fall into the \$3,000-\$4,000 range or else if added to the other income received by the taxpayer would bring his total income into the higher class.

Occupational Distribution of Incomes

Statistics of Income presents also an analysis of the distribution of incomes by occupations. The occupational classifications employed, together with the number of returns and the average income in each occupation are shown in Table 6. The volume contains a similar analysis for each state in the union, and for Hawaii and Alaska.

The incomes for each occupation are shown by income ranges for the country as a whole but not by states. Table 7 shows the number of returns in each occupation at the various income ranges.

The value of both these analyses is considerably lessened by the fact that the table showing the incomes for different professions does not show the amount of income derived from the practice of that profession or the pursuit of that business, but includes the entire income received by all persons reporting themselves as belonging to those professions and businesses. Thus, one accountant has an income between \$250,000 and \$300,000. This does not necessarily mean that he earned any such amount from the practice of the accounting profession, but that this individual, who calls himself an accountant, receives from all sources a combined income of that amount. According to this method of analysis there were eleven clergymen in 1916 who received incomes of over \$50,000 and fifty-two teachers, (from kindergarten to university) who received incomes of over \$25,000. The analysis is somewhat defective, therefore, as a guide to the relative profitableness of various professions. The distribution between the various income ranges reported by each occupation in table 6-C (pp. 126-137) is lessened in value by the fact that a married person making a separate return is counted in the income range in which the combined income of husband and wife falls. For example, the col-

TABLE 6.—NUMBER OF RETURNS AND AVERAGE INCOME BY OCCUPATIONS.

Occupations	Number of returns	Average net income
Accounting professions: accountants, statisticians, acturaries, etc.	4,229	\$6,132
Architects	1,419	9,655
Artists: painters, sculptors, etc.	786	9,735
Authors, editors, reporters, etc.	2,529	9,520
Clergymen	1,671	6,504
Engineers: civil, mining, etc.	6,628	9,553
Lawyers and judges	21,273	11,524
Medical profession: physicians, surgeons, oculists, dentists, nurses and others	20,348	7,051
Public service: civil	2,992	6,827
Public service: military	5,459	5,306
Theatrical profession: actors, singers, musicians, etc. Teachers: from kindergarten to university; also school and college officials	914	12,176
All other professions and occupations	2,919	6,627
Professions and occupations not stated	2,913	9,556
	7,350	9,830
Total, professions	81,430	8,741
Agriculturists: farmers, stock raisers, orchardists, etc. Bankers	14,407	8,999
Real estate brokers: agents and salesmen	6,518	31,754
Stock and bond brokers	6,146	11,757
Insurance brokers	2,839	41,009
Brokers: all other	1,414	12,959
Capitalists: investors and speculators	7,479	24,409
Commercial travelers	85,465	19,648
Corporation officials: secretaries, managers, cashiers, presidents, etc.	12,274	6,049
Employees, all other: superintendents, foremen, office employees, etc.	53,060	13,521
Hotel proprietors and restaurateurs	38,388	6,649
Insurance agents and solicitors	2,752	10,369
Labor, skilled and unskilled	7,243	8,083
Lumbermen	2,304	6,989
Manufacturers	1,319	13,882
Merchants and dealers: storekeepers, jobbers, com- mission merchants, etc.	23,631	24,938
Mine owners and mine operators	54,363	15,387
Saloon keepers	2,554	45,140
Sportsmen and turfmen	1,311	7,137
Theatrical business: owners, managers, etc.	245	8,097
All other business	811	15,296
Business not stated	18,605	12,446
	12,478	17,439
Total, businesses	356,606	15,715
Total	437,036	14,412

lege professor who has a salary of \$3,500 per year which constitutes his sole income, and whose wife receives an income of \$98,000 a year, is counted as one in the group \$100,000 to \$150,000. If the wife reports herself as a capitalist, she counts as one in the group \$100,000 to \$150,000 under the occupation "capitalist." As a result we have one "Employee" shown in the \$4,000,000 to \$5,000,000 income class. The combined incomes of this "employee" and those of two others who fall in the \$200,000 to \$250,000 class amounts to only \$409,458. It lessens the value of the table materially for purposes of judging of the maximum incomes of professions.

Corporate Statistics

Corporate incomes have been reported to the Commissioner of Internal Revenue since 1909. From 1909 to 1913 the income, indebtedness, and capital stock are reported in five classes: financial, public service, industrial, mercantile, and miscellaneous. For 1914 and 1915 the only data given is the total tax paid during these years. In 1916 the *Statistics of Income* once more reports net income according to industries. The corporations are divided into eight general groups, and are subdivided into 105 sub-groups. The general classifications employed are shown in the first column below; in the second column the groups are combined into those used in reporting the net income of corporations for the years 1909 to 1913.

1916 classification		Old classification	
Class	Net income	Class	Net income
Banks	\$400,599,580	Financial	\$528,505,811
Insurance companies.....	127,906,231		
Public utilities.....	1,541,076,130	Public service..	1,541,076,130
Extraction of minerals.....	798,883,349	Industrial	4,956,509,249
Manufacturing and mechanical	4,157,625,900		
Merchandising	464,875,807	Mercantile	464,875,807
Agriculture and animal husbandry.....	69,862,431	Miscellaneous ..	1,274,941,987
Miscellaneous	1,205,079,556		
Total	\$8,765,908,984		\$8,765,908,984

The statistics for corporations showing no net income were compiled for the first time in 1916. Out of a total of 341,253 corporations reporting there were 134,269 with no net income; the deductions allowed under the law exceeded the gross income of these corporations by \$656,904,411.

When the corporations showing net income are combined into the classes used in reporting from 1909 to 1913 they compare with those of previous years as follows:

TABLE 8.—NET INCOME OF ALL CORPORATIONS IN THE UNITED STATES 1909 TO 1913, AND 1916 ('000 OMITTED).

Class	1909	1910	1911	1912	1913	1916
Financial	\$394,748	\$440,529	\$457,092	\$481,622	\$438,747	\$528,506
Public service.	808,960	843,855	806,324	930,388	1,003,186	1,541,076
Industrial	1,325,807	1,436,061	1,309,819	1,670,334	2,026,884	4,956,509
Mercantile ...	359,755	385,305	363,306	423,012	473,202	464,876
Miscellaneous .	236,211	254,501	277,165	326,795	397,532	1,274,942
Total	\$3,125,481	\$3,360,251	\$3,213,706	\$3,832,151	\$4,339,551	\$8,765,909

Per cent of current year to 1909, 100.0	107.5	102.8	122.6	138.8	280.5
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When the statistics of corporate income which were published in the reports of the Commissioner of Internal Revenue in former years are brought together and compared with those for 1916, as in Table 8 above, it illuminates the course of profits previous to the war, and shows the effect of the European war upon them. The profits of public service corporations, including railroads, increased approximately 25 per cent from 1909 to 1913, while industrial profits increased more than 50 per cent. The year 1916 shows a marked increase in all industries—public service corporations increasing by 50 per cent and industrial profits by 150 per cent. The enormous increase in profits of miscellaneous corporations shown by the table is due to the change in the make-up of the miscellaneous group. Many corporations which were included in the industrial group in the reports from 1909 to 1913 are thrown into the miscellaneous group in the 1916 classification. But for this shift in the content of the groups, the increase in industrial profits would be still larger.

Similar comparisons for capitalization and indebtedness are not possible because the *Statistics of Income* gives no data, either for capital stock outstanding or for bonded and other indebtedness. Both capital stock and bonded and other indebtedness were shown for the years 1909 to 1913 in the annual reports of the Commissioner of Internal Revenue, and if they were presented for 1916 would be an important aid in the solution of many problems in corporate finance, investment, and capital accumulation. It would be desirable also to have the interest payments of corpora-

tions shown separate from the other deductions. Perhaps we may hope for both these things in a similar volume to be compiled from the returns of 1917.

One of the most desirable features of the analysis of corporate incomes is the subdivision of industries into 105 classes. If this analysis is continued on the same basis for several years, that portion of our economic knowledge which deals with the problem of profits will be much illuminated. It is certainly a dark chapter in our economic literature today. This material, together with the data for price movements which have been made available by studies carried on by the War Industries Board and the War Trade Board under the direction of Wesley C. Mitchell, will form a fund of source material which bids fair to keep those who choose to work in the field of profits busy for some years.

Incidentally the statistics of corporate income should throw light upon the relative importance of some of the problems which are engaging the public mind, particularly that of government ownership. The total net income of all telephone, telegraph, and radio companies in the United States in 1916 was \$118,005,630; that of automobile manufacturers was \$203,673,484. Iron and steel products yielded net income of \$1,129,416,965, while oil, gas, and salt wells yielded \$236,795,209. These three industrial groups reported more net income than all railroads and public utilities combined. The fact may be of interest to bankers and investors as well.

The analyses which have been here presented are by no means intended to be exhaustive, but are simply illustrative of the uses to which the material contained in this volume can be put. It is altogether the most important contribution to the statistics of income which has yet appeared in this country.

Subsequent to the appearance of the *Statistics of Income*, the Senate published a volume (Document No. 259) prepared by the Bureau of Internal Revenue of the Treasury Department, entitled *Corporate Earnings and Government Revenues*. It was prepared in response to Senate Resolution No. 253 calling for "a list of all corporations with the amount of their earnings which have earned in excess of fifteen per centum on their capital stock, as shown by their returns to the Internal Revenue Bureau for the calendar year 1917, accompanied by such statement as will show net earnings of the same corporations for the calendar year 1916." The volume contains the information called for as obtained from

the income and excess profits returns of 31,500 out of a total of approximately 55,000 corporations in the United States, which in the calendar year 1917, earned 15 per cent or more on their capital stock. The corporations are classified under more than 250 heads; for each corporation the following information is given for the year 1917:

Capital stock
 Invested capital
 Net income
 Income tax, excess profits tax, and total tax
 Per cent of total tax to net income
 Net income after deducting tax
 Per cent of net income to capital stock
 Per cent of net income to invested capital
 Per cent of net income after tax to capital stock
 Per cent of net income after tax to invested capital.

For the year 1916 only capital stock, net income, and the per cent of net income to capital stock, are given.

The volume contains a wealth of information and can be unreservedly recommended to any one who is looking for source material on industrial profits in war time. As the material stands, however, it permits of few significant generalizations, as the figures

TABLE 9.—CAPITAL STOCK AND INVESTED CAPITAL OF 4,352 MANUFACTURING CORPORATIONS HAVING INVESTED CAPITAL OF \$100,000 AND OVER.
 (Data from "Corporate Earnings and Government Revenue," pp. 73-196)

Class	Number of corporations	Capital stock	Invested capital	Per cent invested capital to capital stock
				(Per cent)
Iron and steel.....	917	\$291,032,875	\$485,844,921	167
Metals and metallurgical industries	83	21,946,405	53,353,156	242
Mining, coal	234	91,297,923	140,589,661	154
Textile industries	620	206,013,425	334,741,127	162
Chemicals and allied industries	234	82,500,347	126,517,192	153
Special manufacturing industries	309	111,538,123	164,127,652	147
Stone, clay, and glass industries	174	31,950,425	69,949,287	219
Paper, printing, etc.....	408	99,338,312	199,973,311	201
Leather manufacturers.....	155	43,890,153	81,470,960	185
Food preparations	528	112,464,236	194,450,308	173
Timbering and woodworking industries	690	133,282,858	345,745,983	260
Total	4,352	\$1,225,255,082	\$2,196,763,558	179

for the different groups are not even totaled. The writer has totaled the net income for 1917, the taxes for 1917, and the net income for 1916 of over 20,000 of these corporations. The results show that upon the whole these corporations had as much net income in 1917 after paying the heavy excess profits and income taxes as they had in 1916.

Significant results are assured any one who has the time and energy to work this mine of material. In support of this statement the writer submits Table 9, which was compiled for the purpose of testing the popular belief in watered stock.

If the Internal Revenue Bureau continues to turn out statistical material comparable in quality and quantity with that of the last year, it will aid in bringing about a realization of our hopes for a statistical economics.

DAVID FRIDAY.

Washington, D. C.

ARE STOCK DIVIDENDS INCOME?

Among the difficult problems raised by our income tax is that of the nature of stock dividends. Under the act of 1913 they were held to be income by an interpretation placed on the law by the Department of Internal Revenue. In the act of 1916 they were made specifically taxable as income. Some time after the enactment of this law the Supreme Court decided that the administrative interpretation of the act of 1913 was erroneous,¹ and that the word income as used in that act did not include stock dividends. The question now arises whether the act of 1916 is constitutional in declaring stock dividends to be income. It is being hotly disputed in a case² now pending and which, although already argued once, is to be reargued in the autumn of 1919. We have accordingly deemed it wise to consider the problem purely from the economic point of view, especially as the subject has hitherto received comparatively little attention.³

In order to prepare the way for the discussion we must travel over more or less familiar ground; but it will, we hope, soon appear that the subject deserves a considerably closer analysis than it has yet received. We shall therefore start out with the concepts of income and of capital.

1. *What is Income?*

The most natural definition of income is all wealth that comes in. This, however, obviously is entirely too vague. The things that come in are fundamentally utilities and services. We desire things, at bottom, because of their utility. They can impart this utility only in the shape of pleasurable sensations or satisfactions. These alone constitute true income. If the satisfaction comes from a human effort we speak of a service; if it comes from material things or relations we speak of a use or utility. The satisfactions are afforded by the services of human beings and the utilities of material things or relations. Income is the inflow of satisfactions from services and utilities. Income is therefore fundamentally pleasure or benefit income.

¹ *Towne v. Eisner*, 255 U. S., 418.

² *Eisner v. Macomber*.

³ The only discussion of the topic is the short colloquy between Professor F. R. Fairchild and Mr. H. H. Bond in the *Bulletin of the National Tax Association*, vol. III, pp. 161-3 and 237-243. Professor Davenport has also contributed a brief note in the same *Bulletin*, vol. IV, p. 53. Professor Irving Fisher does not deal with the problem in *The Nature of Capital and Income*.

When these services or utility-affording commodities are restricted in quantity, and cost some effort to procure, they acquire a value. Since we must economize in their enjoyment and use, we speak of them as economic goods and services. Economic value or value in economic life is therefore to be distinguished from other forms of value like aesthetic or moral value. In civilized society this value has come to be estimated in terms of money. Income is accordingly now used to denote the inflow or revenue in money. Speaking more broadly, however, it may be said that in a society based on money transactions income denotes any inflow of satisfactions which can be parted with for money. It may not be money income, but it must be capable of being transmuted into money income.

The second characteristic of income is that it denotes a flow or succession of such satisfactions, expressed in money or money's worth, during a period of time. If there is only a single utility or a unique service, we speak of an accession, rather than of a succession, of satisfactions. But whether there be one or many, we think of their coming in during a period of time. The quality of periodicity is essential. Thus, income must be either annual, or monthly, or daily income, or income for some other period of time.

Thus far the ordinary analysis has gone. There still remain, however, other criteria of income.

Since the real wealth of an individual or a community consists of this inflow of satisfactions that we call income, it is clear that the satisfaction must be realized before we can predicate of it the quality of income. The satisfaction may come from the repair of a broken stove, from the occupation of a house, from a foal born to a broodmare. The plumber affords a service, the house yields an immaterial benefit, the mare produces a commodity. The employer or owner can sell the services of the plumber, rent the house, or dispose of the foal. In each case he secures a money income. He is able to do this because the other party receives a corresponding income in the shape of satisfaction. The stove owner has a good fire, the tenant enjoys shelter, the purchaser of the foal acquires a saddle horse. The first party's money income is correlative to the second party's pleasure income which, if not money, is money's worth.

If now the plumber falls ill, if the house is unrented or untenanted, if the foal is stillborn, there is no income to the employer or

owner, because nothing is realized. The plumber continues, perhaps, to be paid by the month, the house still commands a market price, the broodmare is still worth a definite amount, because in each case a steady income is anticipated. It is only when the failure of the income is repeated that the wages of the plumber and the value of the house or the mare will fall. On the other hand, the repair to the stove may be so badly made that the stove is still useless; the house may turn out to be so leaky as to be uninhabitable; the foal may be so defective as to be unusable. The gain which it was thought would be enjoyed has not been realized. There is in truth no income. And under a proper legal system it is possible to recover what has been paid so that the employer, landlord, or horse-trader likewise loses his income. The net result is that an unrealized or imaginary income is not an income at all. Just as a true satisfaction is realized satisfaction, so true income is realized income. In order to constitute income, the anticipated or putative gain must be not only realizable, but realized. If it is not realized, there is no income. Realization is a necessary attribute of income.

The next characteristic of income is that it is something distinct and separate from the person or thing that affords the income. Where the income consists of concrete objects, this is quite obvious. Each foal is separate from the mare and cannot possibly be confused with its mother. The succession of separate foals constitute the income and perhaps the only income from the mare. The mare is, so to speak, a bundle of inchoate or unborn foals. When the foal is actually born and separated from its mother, it constitutes the income from the mother; just as the fruit separated from the tree is the income from the tree. The same thing is true, however, in the other cases. The income of the house is really separate from the house itself. The house is to all intents and purposes a bundle of inchoate utilities: it will afford these utilities from year to year. The owner may during any given period dispose of the utility while retaining the title to the house. The rental that he receives by separating the actual utility from the bundle of inchoate utilities that we call the house constitutes his income from the house. Separation is of the essence of the enjoyment. The same finally is true of the plumber. His skill is indeed a part of him; but in order to secure the income that we call wages he must transmute his skill into something outside of, and separate from, himself. At a particular period he may ren-

der a service in repairing the stove; the service is then something separate from the man. If he disposes of the service, he enjoys an income. But he cannot secure the income without performing—that is, divesting himself of—this service. Separation, again, is of the nature of the transaction.

Thus in every case, whether we are dealing with human services, immaterial utilities or concrete objects, there can be no income unless there is a separation from the individual or the thing that affords the service or the utility. Separation, like realization, is a necessary attribute of income.

2. *What is Capital?*

As against the income, which, as we have seen, is the satisfaction afforded by services or utilities, is the capital. When we buy anything, we buy the right of securing such a satisfaction or stream of satisfactions from the commodity which embodies the utilities. Every commodity is a store of such future or inchoate satisfactions. Since human beings are no longer bought and sold, and since wealth exists for man rather than man for wealth, we can no longer buy the source of human services, although we buy the services themselves. We can only buy things or the source of non-human utilities. The process of valuation through which we assign a capital value to this complex of future anticipated income values, and through which the flow of satisfactions is transmuted into a fund, is called capitalization. At a given time the object or relation which affords the utilities or the income is called the capital. The capital possesses a value which reflects our estimate of the succession of anticipated utilities or income. Nothing would have any capital value if it possessed no income value.

Common usage distinguishes between a particular piece of capital (technically known as a capital good) like a house or a machine, and the fund of capital which represents the translation into money of the value of the particular pieces of capital. These may wear out and disappear; but, if they are replaced by others, the fund remains intact. As has been so well said, the fund of capital is like a mill pond: the drops of water flow in at one end and out at the other. But the pond itself, although continually changing, remains at a level, with the same volume of contents. The fund of capital is the mill pond: the particular pieces of capital are the drops that are continually flowing in and out of the

pond. Capital, in the sense of a fund, is used to designate the *caput* or principal sum of money from which a revenue is expected.

Income is spoken of as a result of the capital. In reality, capital or capital value is a result of the income or income value. Capital, again, is spoken of as the source of income. In reality, the income or income value is the source of capital or capital value. Physically, the fruit is a product of the tree; economically, the tree has a value only because the fruit has a value. To all intents and purposes it is correct to say that capital produces an income; strictly speaking, however, the capital is produced by the income, or at least the capital value depends on the income value.

The real distinction between income and capital as the embodiment or the measurement of wealth, therefore, is that income represents a flow or stream of utilities or money, and capital represents a fund or stock of utilities or money. The flow or stream is periodic; it represents a succession of utilities or money during a period of time. The fund or stock is the accumulation of such utilities or income at an instant of time. Income is expressed in terms of a flow; capital in terms of a stock. The capital value of anything at any instant of time is primarily the result of adding together the present worth of each and all of the anticipated successive income values. The income is primary; the capital is secondary.

3. The Relation between Capital and Income

We are now in a position to study some of the relations of capital and income.

In some cases there seems to be no distinction between the two. This is of course not ordinarily true. The value of anything, is, as we have seen, ultimately derived from the satisfactions or uses which it affords. Some things, like a city lot, are permanent and afford a use in perpetuity. The capital or selling value of the lot, however, is not a summation of all future income or rental values from the lot. By the very constitution of human nature we lay more stress on present than on future enjoyments; our present estimate of future uses becomes fainter as the use recedes into the future, until the present value of a very distant use vanishes entirely. The selling or capital value of a lot is accordingly only twenty or twenty-five times the rental or income value. Land is worth, as we say, about twenty-five years' purchase. Other commodities are less permanent, and are gradually worn out by use.

The distinction between the capital and the income value is then considerably less, as in the case of an automobile. The man who rents out an automobile must secure in the first year as income perhaps one third or one half of its capital value.

Finally, there are commodities which afford only a single use; the use of an ordinary article of food consists in its consumption. In this case the distinction between capital and income disappears. Capital, as we have seen, is a capitalization of incomes, a summation of our present estimates of the value of all future anticipated uses. But if there is only a single use, there can be no summation of successive uses. There can be no capitalization of a single use. Since, however, we speak of capital as a stock of wealth existing at an instant of time, while income is the flow of wealth during a period of time, the apple which affords only a single income is popularly regarded as capital. Yet its price, although ordinarily called a selling price, might equally well be called a rental price. In charging for its use, we charge for the apple itself. The capital and the income coalesce.

In this case, therefore, we must qualify the statement made above that separation is of the essence of income. If there is no difference between capital and income, we cannot separate the two. In all other cases however, that is, in the great mass of wealth (except that destined for immediate and total consumption), the distinction holds good. Income is something separate from capital; and if capital be regarded as the stock which yields the income, the enjoyment or money's worth in the shape of gain must, in order to constitute income, be separated from the capital.

It follows from this that if the income is separated from the capital and if we desire a continuance of the income, the capital must remain intact. In any particular piece of capital, this does not, of course, happen of itself. If the commodity is permanent, like a city plot, the capital indeed remains unimpaired. But in the great mass of cases the commodity gradually disappears through use. Some things are consumed in a short time, others last a longer time; but in almost all cases there is a wear and tear which, if allowed to go unchecked, finally renders the commodity useless so that it will cease yielding an income. There will be no net revenue because the cost of repairs will ultimately equal the gross returns. In actual life we sometimes guard against the results of such depreciation by instituting a sinking fund. Instead of spending all the earnings, we set aside an annual sum which will

exactly counterbalance the depreciation, so that at the end of the period the accumulated fund will sink or offset the outlay incurred to replace the commodity.

In order to estimate the real net income from a piece of capital we must therefore deduct from the earnings the amount of the annual depreciation charge, which will vary with the durability or permanence of the commodity in question. Otherwise, in separating the income from the capital we should be depleting the capital. Income in the true sense of net income is that which is separated from the capital, while leaving the capital intact. As it has elsewhere been defined:

"Income as contrasted with capital denotes that amount of wealth which flows in during a definite period and which is at the disposal of the owner for purposes of consumption, so that in consuming it, his capital remains unimpaired."⁴

4. Income and Accretion to Capital

We are now prepared to consider a more difficult problem. If my income increases, there is undeniably an increase in my wealth, or a net gain. This increase of wealth or gain, however, may also show itself in a change of my capital or my assets. In that case we speak of an accretion to capital or a capital increment. How, now, are we to determine whether a particular gain is income or accretion to capital. This question needs a more careful analysis than it has hitherto received.

In the case of a concrete commodity the capital or selling value may change for three reasons.

In the first place the income may not be consumed, but saved and added to the capital. There is indeed a difference here between money and money's worth, between a fund of capital and piece of capital. If I have a fund of capital, as \$100, and decide to save the income of \$5, I shall have at the end of the year \$105, and with each ensuing year correspondingly more capital. This accretion to capital is clearly nothing but accumulated or reconverted income. The income has been realized and separated from the principal. While indeed it is now again merged with the principal, it is easy to keep the two sums separate and distinct. No one can question the fact that the gain, even though added to the capital, is pure income.

In the case of money's worth or utilities the matter is a little

⁴ Seligman, *The Income Tax*, p. 19.

more complex. The income of many things is not embodied in an object, but consists of utilities that are incapable of being accumulated and that must be enjoyed or consumed at once. A house is of use only for habitation. We cannot make the house more valuable by postponing or deferring its use. We cannot reconvert the use or income into capital. If the use is not enjoyed, it is lost. There can therefore be no capital increment through a postponement or accumulation of income.

Where the income consists, however, of material objects capable of preservation, the matter is simple. The farmer's crop is his income. If he elects to add his crop of cotton to his previously existing stock (which he may be holding for a rise), this increment of capital is undeniably income. The new crop is something separate from the old stock. In the same way, the owner of a herd of cattle may decide not to sell his yearlings. Although they may be merged with the herd, however, they are none the less separate; for it makes no difference whether he keeps them in a distinct enclosure or lets them pasture with their mothers. The increment in the value of the herd is income, because it is both realized and separated.

Finally, there are cases where the income, if not originally separated, cannot be kept separated. The best example of this is a growing forest. The income of a forest is the annual yield of timber. The trees of a certain size may be cut yearly, leaving the forest intact. With proper forestry there will be a steady and regular cut of timber, what is lumbered in any year being made good by the growth of the remaining and oncoming trees. If, however, the trees are not cut, the forest becomes more valuable—up to a certain point at least. What would have been income has been converted into capital increment. But this capital increment is not income, because it has not been separated and because it is not capable of separation if uncut. When the trees are ultimately cut, the gain undoubtedly becomes income. Up to that time, however, the increase in the value of the forest is only inchoate income. What is done with the particular trees therefore determines whether they are income or capital. To the owner of the forest there is an increment of wealth in each case; but from the economic point of view there is a distinction between the increase in the form of income and the increase in the form of capital. If the income is immediately enjoyed or dissipated, the increase of wealth disappears in the enjoyment; if the enjoyment of the income is

postponed or deferred, the increase of wealth is not dissipated. In the one case we have spending, in the other saving. Capital can be increased only by postponement of enjoyment. Modern life with its mastery of science over nature enables the community not only to spend more for the conveniences and luxuries of life, but also to save more and thus to accumulate capital.

We see then that if the income has been actually realized and separated and then again added to, or reconverted into, the capital, it remains none the less income although called capital increment. But if the income is simply unconsumed or postponed, without being actually realized and separated, the resulting capital increment is not income. What we are dealing with in such a case is inchoate, not real, income. Realizability is not realization; separability is not separation. The gain in the form of accretion to capital is income only when it is the result of adding actually received (*i.e.*, realized and separated) income to the capital. Otherwise the gain is inchoate income, to become real income only when it is actually realized.

The second case of a change in the value of capital referred to above on page 523 is that due to a change in the income from the capital. The demand for the particular satisfaction or commodity may decline: ostrich feathers may go out of fashion; Sicilian oranges may no longer command a market in New York in competition with Florida fruit. This diminution in income will be at once reflected or amortized in a reduction of the value of the capital. If ostriches are raised primarily for feathers, their value will fall; if the Sicilian lands are of little use for other crops they will decrease in value, as indeed has actually happened. On the contrary, an increase in the income will be capitalized into an enhancement of the capital. If dry farming or irrigation causes two blades to grow in place of one, not only is the income from the land greater, but the land itself will rise in value. Capital is capitalized income. In such cases, therefore, there is no difficulty. We are in presence of two separate phenomena—an increase of income and an increase of capital. The one is the result of the other, but there is no danger of their confusion. The owner of the commodity enjoys two increments or gains—a capital gain and an income gain. The gain in the value of the capital is not income, because it is not separated and realized.

When, instead of a particular commodity or capital good, we deal with a fund of capital, the same is true. If the dividends of

a stock increase, the market price of the stock will rise. Both capital and income are enhanced in value. But the augmented value of the stock is not income as long as the stock is not sold, *i.e.*, as long as there is neither realization nor separation.

In the third place a change in capital may supervene without any change in the income. A plot of land may rent at the same figure as before, but a speculative move in the market may enhance its selling price. A stock may become valuable for purposes of control, even though the dividend rate remains unchanged; and its market value will quickly rise. In all these cases we have a capital increment with no change in income.

In reality, however, the discrepancy in many such cases is less than it seems. The present income, it is true, remains the same, but there is an expectation of greater income in the future. The boom in real estate is based on the idea that the rental value of the land will rise. The control of the stock is sought for in the hope ultimately of securing a gain through the augmented returns. Capital is a capitalization not simply of present or actual income but of the present worth of all future anticipated incomes. There can be no permanent change in the value of the capital unless there is at least an anticipated change in future income.

It remains true, nevertheless, that there may be temporary and ephemeral fluctuations of market price in complete disregard of future or anticipated incomes, and where the particular commodity or security is desired for other purposes than the income immediately to be derived therefrom. It is equally true that no small part of business profits is due to such fluctuations of price. Here again, however, there is no danger of confusing capital increment with income. For, as in the preceding case, the gain derived from such fluctuations becomes income only when the attributes of separation and realization are present. If the house appreciates in value because some one desires it for a particular purpose, the increase is income if I sell the house. But if I do not dispose of the house, the gain is only an inchoate gain, not a realized gain. Since there is no separation and no realization, the capital increment does not constitute income.

Thus all cases of appreciation of capital may be resolved into three types:

- 1) The capital increment is the accumulation of past income.
- 2) The capital increment is the result of augmented present and future income.

3) The capital increment¹ is independent of change in the income.

In the first case the capital increment is undoubtedly income. In the two other cases it becomes income only when actually realized and separated from the principal. Until then it remains inchoate income, not actual income; a paper gain, not an actual gain. Thus in all three cases realization and separation constitute the true criteria of income.

5. *What is Taxable Income?*

When income taxes were first introduced, economic science was only in its infancy and the above analysis of the relations between capital and income had not yet been worked out. We therefore find a considerable confusion and diversity in the earlier income tax laws of various states, some survivals of which have persisted even to this day.

In the first place, income was commonly limited to money income. Difficulties, however, soon arose in the case of farmers consuming their own produce and individuals residing in their own houses. The truer conception of income as benefit income was only slowly adopted. If I own my house and receive no money income, I am not taxed under the present law in the United States: if I sell the house and devote the income of the proceeds to renting another house of precisely the same character, I am compelled to pay the income tax. Yet the economic situation is essentially the same, and the similarity was recognized in the Civil War income taxes.⁵ In the case of farmers' produce our present law occupies a middle position: crops consumed by the farmer or his family are held not to be income, but the expenses involved in raising the crop cannot be deducted. These inconsistencies, which are no doubt retained in the law partly for administrative reasons, would disappear if it were recognized that income is not only money, but money's worth.

Secondly, we find in the original conception of income the idea of regularity. Only those incomings or net money receipts which were regularly received in the course of economic activity were considered income. Thus for a long time occasional earnings from gambling were not considered income, as was the case also with chance finds or gains. If, however, these finds, as *e.g.*, of precious metals, were the result of continued and regular effort they were held to be taxable income.

⁵ Cf. Seligman, *The Income Tax*, pp. 443-445.

This idea of regularity gradually disappeared as the true nature of income came to be recognized. But the survivals of the old idea are still occasionally to be found. Inheritances, for instance, are today scarcely anywhere deemed to be taxable income. From the point of view of the individual, however, they constitute income, even though it be accidental and not regular income. As a consequence they are now almost everywhere separately taxed, although not under an income tax law. For the real economic justification of the inheritance tax on the share going to the recipient (as distinguished from the tax on the estate of the decedent) is that it constitutes accidental income and thus augments his ability to pay. Again, in many income tax laws, like our own, gifts are held to be capital or corpus and not income, evidently on the theory that they do not constitute regularly accruing gains. If the gift, however, were made periodically, an interesting question would arise.

In general, then, it may be said that the element of regularity as an essential constituent of the concept of income has well nigh disappeared. If I receive a thousand dollars for particular services this year and nothing in previous or subsequent years, it is none the less held to be income, even though it be irregular. The old conception of regularity, however, as we have seen, still survives in part.

In the third place, the original conception of income was limited to the usufruct of a commodity, without allowing for a gain derived from the disposal of the commodity itself. Later the conception was broadened, but only in part. In England, for instance, the decision was influenced by the idea of regularity, just discussed. That is, gains derived from the sale of property are even today considered income only if made in the ordinary course of business. If an individual, not in the real estate business, sells a particular piece of land, the gain would not be taxable as income because it constitutes only an occasional or unique transaction. In England such an irregular gain would be considered accretion to capital, not income. In the United States, however, as in many other places where the broader concept of income has come to be recognized, gains derived from sales, whether occasional or not, are held to be taxable income. To this procedure there is no objection from the modern economic point of view.

Thus the newer conception of income comprises not alone money, but money's worth; not alone regular, but irregular receipts; not

alone gains from a usufruct, but gains from the disposal of the thing that yields the usufruct. It is simply a survival of old errors, fortified no doubt by the desire to avoid practical administrative difficulties, that in England the gain from the sale of an isolated piece of property is held to be accretion to capital and that in both England and the United States the rental value of a house is held not to be income and that the reception of an inheritance is regarded as a capital increment.

In one point, however, almost all modern income tax laws are agreed. While there is still, as we have seen, a difference of attitude in the treatment of gains derived from sales, there is but little difference in the treatment of other gains. The distinction here is the one adverted to above between realized and unrealized gains. As we have seen, unrealized gains are inchoate gains, and inchoate gains are not income.

If I own a plot of land and secure no tenant for it, I receive no income and am nowhere subject to income tax. In some countries land is indeed taxable on its rental value; but rental value is not income. Since there is no gain at all, it is not subject to income tax. If, however, in the same year the value of the land rose, the owner would undoubtedly feel that he was wealthier. But would this appreciation in the value of the land constitute income? The answer everywhere is in the negative; and properly so, because we are in the presence of an unrealized gain. The land may have appreciated in value by the tax date; but it may equally well depreciate immediately thereafter. If the appreciation is realized through the sale of the property, there is of course a realized gain which is correctly held to be taxable income in the United States (although not in England). Again, if I sell the land and invest the proceeds in something else which then falls in value during the same taxable year, I am permitted to set off my loss against my profit. In that case there is no net gain and therefore no taxable income. The reason why a mere unrealized increase in the value of the land does not constitute income is primarily because of the uncertainty as to whether this particular consequence may not happen. In the same way, if I own securities which rise in value, there is a realized gain or taxable income only when the securities are sold.

We may put the conclusions briefly as follows:

Capital increment is a gain only when realized.

A realized capital increment is income in the wider sense.

An unrealized capital increment is not income, but a mere appreciation of capital.

As indicated above, the real point is the separation of the increment from the capital. This separation is necessary in order to constitute income. The increment when separated is income; the increment unseparated remains capital. Separation and realization are of the essence of the transmutation of capital into income. The capital as such remains intact: the increment or capital gain when actually realized and separated constitutes income.

6. *The Economic Nature of Stock Dividends*

We are now prepared for an analysis of the economic nature of stock dividends. This can be best introduced by taking an assumed case of a corporation with a capital of \$100,000 divided into 1,000 shares, each worth par and owned by ten stockholders, each of whom owns ten shares of stock worth \$10,000.

During the taxable year the corporation has net earnings of \$50,000, on which it is of course subject to income tax. On the last day of the year, December 31, the stockholders hold a meeting in order to decide what to do with the \$50,000. Three courses are open to them:

- A) They may declare a cash dividend.
- B) They may turn the earnings into surplus.
- C) They may declare a stock dividend.

What happens in each of these cases?

A) After a cash dividend of \$50 is declared on each share, the capital remains at \$100,000, the number of shares is still 1,000, and the stock is still worth par, other things being the same, while the \$50,000 is distributed to the stockholders in dividends, each of the stockholders receiving \$5,000 as his dividend or income.

B) When the earnings are turned into surplus, the capital is now \$150,000, the shares are still 1,000 in number, but each share is now worth \$150. Each of the ten stockholders who continues to own ten shares now has property worth \$15,000.

C) If a stock dividend of \$50 is declared in additional shares to each owner of \$100 worth of shares, the capital is now \$150,000; the number of shares is now 1500 instead of 1,000, and the value of each share is still \$100. Each of the ten stockholders now possess fifteen shares, instead of ten, and his investment is worth \$15,000.

There are now two possibilities. Either (a) the earnings have been gradually accumulated during the year, with periodical statements open to the public, or (b) the knowledge of the increased earnings is kept secret from everyone until December 31, when action is taken.

What now will be the relative economic situation in these three cases?

A, a) The case of a cash dividend where the earnings have been known to accumulate during the year. Here the stock will gradually rise until, with the expectation of a \$50 dividend, it will be worth on December 31, \$150. Immediately after the declaration of the cash dividend, the stock will again fall to par. In actual life, indeed, there may be an interference with this normal result. As a matter of fact, each share may be worth a little less or a little more than \$150, depending upon the market estimate of future prospects. Additions to surplus are often not expected to earn quite as much as the original investment, in which case the price will be less than \$150; on the other hand, if continued large earnings are anticipated, the price may be above \$150. Apart from these countervailing influences of the market, however, the situation as reflected in the statement of the beginning of this paragraph may be accepted as the normal one. In the same way the declaration of an extra cash dividend may lead to an expectation of continued earnings on the same scale, so that the price of the stock will not finally fall quite to par. But for purposes of simplicity this hypothesis may be eliminated, and the situation as described above may be considered the typical one.

A, b) If the earnings are unknown and unsuspected, the stock will naturally remain at par and the declaration of the cash dividend will not change the value of the stock (except in the same eventuality as before).

B, a) The case of addition to surplus, where the earnings have been accumulated throughout the year and have been well known to everybody. The stock will accordingly rise gradually until on December 31 it will reach \$150. After the addition to the surplus the stock will remain at that figure.

B, b) If, on the other hand, the earnings have been unknown and unsuspected, the stock will remain at par until December 31, when it will jump to \$150 and remain there, with the same practical qualifications as above.

C, a) In the case of the stock dividend, where the earnings have

been accumulated during the year and their existence known to all, the stock will as before rise to \$150 by December 30. After the declaration of the stock dividend, the stock will on December 31 fall to par, just as in the case of the cash dividend.

C, b) If, before the declaration of the stock dividend, the earnings have been unknown and unsuspected, the value of each share will, precisely as in the case of the cash dividend, remain at par.

What now is the economic consequence of all this?

In A, the cash dividend, we are undoubtedly in the presence of actual income accruing to the stockholder. The cash paid to the stockholder is separated from the assets of the corporation; the gain, accruing to the stockholder, is actually realized by him. Both realization and separation are present.

In B, the addition to surplus, there is an appreciation of capital either (a) before or (b) after December 31. But this manifestly does not constitute any income to the shareholder. For, in the first place, there is no separation of the gain. It is merged into, and coalesces with, the surplus. And, secondly, there is no realized gain to the shareholder. His investment is worth more; but it has not been realized. It is like the appreciation in value of a house or a piece of land. There is no income because there is neither realization nor separation. It would be mere folly for a country to attempt to tax the shareholder because of an increase in the surplus of the corporation. The increase is indeed income to the corporation or rather it represents the disposition of the corporate income; but it is not income to the stockholder.⁶

⁶ The one striking example of this error is the case of the Civil War tax of 1864, which provided (in Sec. 117) that "the gains and profits of all companies, whether incorporated or partnership, other than the companies specified in this section, shall be included in estimating the annual gains, profits or income of any person entitled to the same, whether divided or otherwise." Under this section the Supreme Court held in *Collector vs. Hubbard* (12 Wall. 17) that the wording of the act justified the taxation to the individual of his share in the undivided corporate profits.

In extenuation of this law, however, the following facts must be borne in mind. The act of 1864 did not differentiate, as do our modern laws, between a corporate income tax and an individual income tax. The act of 1864 taxed only a few classes of corporations, like certain financial and transportation companies. (For a list see Seligman, *The Income Tax*, p. 444.) In no other case was there a corporate income tax. The provision, declaring the profits of all corporations (except those specifically mentioned), to be a part of the income of the stockholder, was only a crude attempt to reach the corporate income and to prevent the evasion of the tax. Since that time, however,

In C, the stock dividend, we again have an appreciation of capital; but each share either (a) falls in value before December 31 or (b) remains at the old figure after that date. Since each shareholder, however, now owns more shares than he did, the net result is precisely as in the case of B, the increase of surplus. There is no separation of anything. There are indeed more paper certificates; but this does not change the essential nature of the transaction. There is no more separation of the assets than in B, the addition to surplus. There is no separation of the assets as in A, the cash dividend. The assets remain an undivided whole, whether they nominally consist of surplus or of any other item. Nor is there any realization. The gain or capital increment is unrealized gain or inchoate income, precisely as in the case of B, the addition to surplus. There is no income to the shareholder, therefore, because there is neither realization nor separation.

It might be objected that in C, the stock dividend, the owner of 100 shares which previously were worth \$10,000 may take his 50 new shares and sell them for \$5,000, leaving his original capital of \$10,000 unimpaired. This, as it might be said, puts C, the stock dividend, on a plane with A, the cash dividend. For the owner in the latter case will obviously sell his dividends for \$5,000, leaving his original capital of \$10,000 unimpaired.

progress has been made in the theory of the income tax and of the corporate or business tax. We now have in every country, including our own, a corporate income tax side by side with the individual income tax. There is therefore no justification for a continuance of the clumsy method of the Civil War tax. No country today thinks of characterizing as income the undivided share of the stockholder in the surplus of a corporation. The Hubbard case, therefore, has no application to present conditions, and from the economic point of view it was irrelevant for the government to cite it (*Eisner vs. Macumber*, *Brief for the United States*, p. 11).

The law of 1864 endeavored to tax the corporate income to the individual shareholder, because no attempt was made to tax it to the corporation. But under the present law the corporate income is taxed to the corporation, and there is accordingly no justification for taxing it to the individual. For a tax on undivided profits would then tax the same income twice. This, of course, does not mean that our present practice of levying, in addition to the corporate income tax, a separate tax on the stockholder when he actually realizes his own income is theoretically or practically indefensible. For in this case there are two separate incomes, one to the corporation and one to the individual. Whereas in the contemplation of the act of 1864 there was only one income—that of the corporation, taxable to the individual solely because it seemed inexpedient to tax it to the corporation.

It is a mistake, however, to think that this creates an analogy between C and A, that is, between the stock dividend and the cash dividend. For, in the case of B, the addition to surplus, the stockholder could have done precisely the same thing. That is, he could have taken $33 \frac{1}{3}$ shares, sold them at \$150, netted \$5,000, and still have remaining his $66 \frac{2}{3}$ shares worth, at \$150, the sum of \$10,000.

In this respect, then, there is no difference between A, B and C. If the stockholder cashes in his gains, all three cases are on a par. In none of these cases would there be any difference between income from capital and accretion to capital. For, when the gains are cashed in, the accretion to the capital is separated from the capital, leaving the capital unimpaired. Furthermore, if the stockholder sells all his stock, he will get in every case \$15,000, and there will be in every case a gain or taxable income of \$5,000. A capital gain cannot be realized without being separated; and when we have both separation and realization, capital increment has all the earmarks of income. If the stockholder sells his stock dividend the proceeds are undoubtedly income.

The question at issue, however, is entirely different: namely, what is the situation if the stockholder does *not* sell the stock? Here the real difference is between A, the cash dividend, on the one hand, and both B and C, the increase of surplus and the stock dividend, on the other.

In A, the cash dividend, the realized gain is income; in B, the increase in surplus, the unrealized gain is not income; in C, the stock dividend, the unrealized gain is not income.

Or, to put it in other words; A, the cash dividend, is indisputably income; B, the addition to surplus, is simply accretion to capital; C, the stock dividend, is equally nothing but accretion to capital. C then is like B and not like A; and in neither B nor C is the capital accretion income, because in neither case is the gain separated or realized. The stock dividend is like an increased surplus; it is not like a cash dividend. In fact, a stock dividend is not a dividend at all, in the sense in which a cash dividend is a dividend. The entire confusion really arises from a misnomer. For a dividend implies an actually realized increase of wealth; whereas, in a stock dividend there is no actually realized increase of wealth. As a matter of fact: in C, a (the stock dividend where the earnings have been slowly and openly accumulated) the stockholder is certainly no richer after December 31 than he was on

December 30. And while in C, b (the stock dividend where the earnings have been unknown and unsuspected) the stockholder is in a certain sense richer on December 31 than on December 30, the gain is an unrealized increase of wealth, a mere paper increment. What is most important, above all, is that he is no richer than he would have been if there had been no stock dividend at all but a simple distribution to surplus. The income tax, it must be remembered, is not a tax on every increase of wealth actual or imaginary; it is a tax only on income; and capital increment constitutes income, as we have seen, only when invested with the attributes of separation and realization.

A final objection might be raised as to the result of a fourth possibility in addition to the three alternatives mentioned on page 530. The directors of the corporation might decide to invest the \$50,000 earnings in the securities of another corporation and then declare a dividend in kind. This is often done nowadays. But, if a distribution in "other stock" is income, it is triumphantly asked, why is a distribution of its own stock not likewise income? This objection has confused many thinkers. Yet the answer to the question is very simple. For in the one case there are both separation and realization; in the other, there is neither separation nor realization.

In the one case, the directors actually take the \$50,000 and separate them from the assets. Whether they turn over to the stockholders the \$50,000 in cash or buy commodities like copper and wool, or securities like stocks and bonds, and then turn them over to the stockholders is immaterial. In every case there is a separation of earnings from the assets and in every case the earnings when separated from the assets and turned over to the stockholder constitute his income. Whether the stockholder gets cash, or commodities in the shape of copper or wool, or the securities of the other corporation is immaterial to him. In every case he gets something which is the result of a separation from the principal. But if he gets a stock dividend, *i.e.*, the securities of his own corporation, he does not get anything which has been separated from the principal. He gets only an additional evidence of his share in the undivided and unseparated assets. In the one case there is separation; in the other there is no separation.

Nor can we say that the acquisition of a share of stock in another corporation is unrealized gain. On the contrary, it is realized in the true economic sense of the term. If, instead of a cash dividend, the stockholder receives some copper or wool, we

should not say that it is unrealized gain, and that too, whether he keeps or sells the copper or wool. If, however, he receives instead of the copper or wool a share of stock in some other corporation, we should again not say the gain was unrealized and, that too, whether he keeps or sells the stock. For in every case where the acquisition is the result of a distinct separation of assets—a separation of earnings from the principal—there is realization; and where there is realization there is income. It is beside the point to claim that this share in a new corporation might fall in value before he sold it: The copper or wool might equally depreciate before he disposed of it; and the bank in which he deposited the cash dividend or the individual to whom he loaned the cash might equally well fail, so that he would possibly receive during the taxable year only a part of the original sum. The cash dividend is indisputably income even if the proceeds are subsequently lost. Whatever be the policy of the law toward deduction for losses, and irrespective of whether the taxpayer is permitted to count as a loss the mere depreciation of the copper or wool or “other stock,” there can be no doubt that the gain (from which a deduction may or may not be permitted) is realized as soon as there is an acquisition of cash, of copper or wool, or of “other stock.” Realization does not mean immunity from loss. Realization occurs as soon as actual separation has been effected.

Thus in all these cases—cash dividend, copper or wool, and “other stock” there are both separation and realization: in a stock dividend there is neither separation nor realization. The gain from “other stock” is income; the gain from a stock dividend is not income.

The real distinction to be kept continually in mind in threading one's way through the mazes of the income tax is between the actual receipt of income on the one hand and the unrealized appreciation of capital on the other. A cash dividend is an example of the former; a stock dividend is an example of the latter. In the cash dividend, as in the “other stock,” the gain is realized and separated; in the stock dividend, as in the addition to surplus, the gain is unrealized and unseparated. The first is income; the second is capital. A cash dividend is income; a stock dividend is not income.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Economics: An Introduction for the General Reader. By HENRY CLAY. (London: Macmillan and Company. 1916. Pp. x, 476.) American edition, edited by EUGENE E. AGGER. (New York: The Macmillan Company. 1918. Pp. xviii, 456. \$2.00.)

Those who have known this work in the original British edition of three years ago will welcome it anew in its Americanized imprint. Those who are unfamiliar with it will find in it the most readable introduction to economics that has appeared for a long time in either England or the United States.

Its purpose, as Clay explains in the preface, is not that of a textbook but rather "to try to do for the economic organization as a whole what Bagehot and Hartley Withers have done for part of it, the credit system—to explain the principles of its construction and working in the language of ordinary life and with reference to the experience and interests of the ordinary man," who has "a practical interest in the economic system and an experience of its working which the academic student lacks." It is his purpose also, he says, to "include some consideration of the relation of the economic organization to political and ethical aims and standards," since "existing introductions to economics give the student too little help in applying its conclusions."

The book accomplishes four things that are well worth the doing. It gives a presentation of the essentials of economics that is unusually clear and thoroughly entertaining; it contains in its first six chapters the best brief account to be found anywhere of the nature and mode of operation of the present economic system on its productive side; it presents in chapters 21 to 24 a critique of that system, and of the nineteenth century economics that unhesitatingly justified it—a critique that has few rivals in its incisiveness and suggestive possibilities; and it offers in its final chapter a discussion of the *unmorality* of business and of common economic thinking, with suggestions for the "moralization" of the existing system. This chapter is well worth the reader's time, though the reviewer suspects it will be rather tough provender for the general reader and he is not quite sure what his friends among the ethicists and philosophers will say to this effort at the rejuvenation of utilitarianism.

In the first six chapters, as, indeed, throughout the book, Clay appears as a critic, yet none the less a defender, of the present economic system. Freedom of enterprise and the selective force of market competition work imperfectly but it is control rather than abolishment that is needed. To the reviewer these chapters seem the best part of the book. Their great virtue, an important reason doubtless for their unusual vividness of presentation, is their consistent emphasis upon the functional point of view, which looks upon industry not so much as a matter of structures as of functions to be performed and is directed toward an examination of things to be done and ways of doing them rather than toward an analysis of the business and industrial units by which they are accomplished. Since the unity of life is functional rather than structural, a greater degree of unity can be given to any subject by passing through the function to the structure than is possible when the point of view is reversed. This viewpoint, developed wonderfully well by Clay in his first six chapters, is all but lost in chapters 7 and 8, Monopoly and Combination, and is dropped altogether thereafter until, near the close of the book, it is taken up again in chapter 21, The State and Economic Organization, with the beginning of a consecutive discussion of the present economic system as related to welfare, which occupies the rest of the book. Clay wields a facile pen at all times, and it is to be borne in mind that he is writing for the "general" reader. But one can not help regretting that the economist-reader, who will certainly enjoy the first six chapters and be stimulated to undertake some thinking of his own by the last five, must find so much of the intervening material merely commonplace except for its trenchant style and pleasantly unconventional mode of treatment.

Clay's criticisms of the present economic organization are aimed both at its inefficiency in production—inefficiency in producing the greatest possible amount of welfare—and at its weaknesses as a device for distributing income. The emphasis throughout is upon welfare, though welfare is not defined. Its definition is implied, however, for it appears from his discussion that for the purpose he has in hand Clay assumes that the individual fares well in proportion to the number of his satisfied wants and that social welfare is greatest when goods and services are so distributed as to satisfy those wants that are most intensely felt by whomever they may be felt. He speaks of welfare in this latter sense.

His heaviest blows at the existing system are struck at its mal-

functioning as a distributive device. They are to be found principally in the last five chapters, in which he discusses "the relation of the economic organization to political and ethical aims and standards" (see preface). The existing system is unjust, if justice is to be based upon welfare, because it gives to the individual a reward based upon the market value of his services or his property, not upon their usefulness in increasing welfare. (Clay does not use the term *justice* in this connection, but he clearly has in mind what most of us denote by that term.) The two standards of justice, the one based upon market value, the other upon welfare, are not identical. To increase wealth does not of necessity mean to increase welfare; and to argue as some of the older economists still continue to do concerning the individual who is rewarded according to the market value of the service he performs, or the market value of the income from the wealth he owns, that he is rewarded in proportion to his productiveness in terms of welfare, is reasoning in a circle. "The defense of the present distribution of income that it is in accordance with productivity *that each gets the value of his contribution to wealth* is an explanation merely, not a defense. Value is a question begging term. All that this argument amounts to is that *the contribution of each is valued at what he gets*"¹ (pp. 386-387),² and valued in terms of wealth, not of welfare. Distribution according to market value can not be equivalent to distribution according to service in satisfaction-giving because "market value is not an absolute measure of satisfaction. . . . The rich man's dollar has the same influence on market values as the poor man's dollar, [although] it represents a much smaller satisfaction" (pp. 399-400). It is demand that affects market value, but "demand is not the same thing as want or need; demand is no guarantee of desirability by any standard other than those of the market" (p. 422); for demand depends not alone upon the want for the commodity but also upon the available income of those who want, and incomes differ. "The [economic] organization would be responsive to need . . . only if wealth were equally distributed" (p. 423). Our common emphasis upon market value usually leads us astray. Instead of serving as a true guide to maximum productivity and the greatest possible welfare, "free enterprise . . . following market values, is an automatic device for securing an uneconomical application of productive

¹ The italics are Clay's.

² References to pages are to those of the American edition.

power and preventing a maximum of satisfaction from being secured for a minimum of effort and sacrifice" (pp. 401-402).

Clay's position here is not wholly upon new ground; but it is interesting, to say the least, to find so clear-thinking an economist coming out even by implication for a system of distribution according to need, the more so since he commits himself against socialism. (See page 417.) It would be unjust to accuse Clay of advocating such a system. He says (p. 370) that his purpose is "merely the elucidation of the present system and not the advocacy of some alternative system," and he nowhere states that a scheme of distribution according to need could be or ought to be introduced. He does make it pretty plain, however, that he thinks the substitution of market value for need as the determining standard in distribution is the point at which the present economic organization departs farthest from the goal of maximum welfare.

On its productive side the operation of the system, Clay points out, results in the subordination of welfare to wealth. Our minute division of labor has given to the conditions surrounding labor and the spirit in which labor is performed quite as important a function in the determination of welfare as that which attaches to the amount of wealth produced and to the relative inequality with which it is distributed. Man is normally a working being. He should live to work as well as work to live. But the present system has removed from many kinds of work the distinction between the useful and the useless, has deprived the "detail worker" of that exercise of the creative instinct that gives the sense of satisfaction to the craftsman and artist, and has brought about "the subordination of the detail-workers to the organizers of industry" (p. 410), giving play to tyranny on the part of the latter in many directions and depriving the workers of the satisfactions that come with the feeling that one is possessed of liberty. Maximum welfare is sacrificed to maximum production of wealth.

Such help as Clay gives the reader in applying his conclusions (see quotation from the preface) is to be found mainly in his use of suggestion. He never attempts to do more than to indicate the direction in which our society must move if the ills of the present system are to be removed or alleviated. He seldom or never proposes concrete remedies. His conclusions in this connection are summed up at the close of the book on pages 443-444. His suggestions are essentially those of the "state socialists," but he lacks the boundless faith in government activity which some of them

possess. He stands for control of the present organization by state action rather than for any deep-seated change in it.

Concerning the new American edition there can be nothing but praise. It is printed in larger type, bound in better and more attractive covers, and contains an index which is lacking in the British edition. Professor Agger has substituted American for British illustrations wherever practicable, and has inserted subsection headings in black-faced type summarizing every paragraph or two, after the manner of the usual textbook. The former change adds to the value of the book for American use. Few will object to the latter, while those who like this pedagogical device will doubtless value the book more highly because of it. No other changes have been made except those of a typographical nature to accord with American usage.

As a textbook, this work will probably find its widest use as an auxiliary to other material. Its brevity recommends it for such a use, for which, indeed, it has few if any superiors. The day of the standard one-text class in general economics is passing. The Clay book will not be less welcome if it aids in its disappearance. Those who prefer to carry on instruction mainly with one standard text will probably wish to supplement Clay on the side of formal value and distribution theory and will doubtless want to use additional descriptive matter. Whatever use be made of it, Professor Agger has earned the thanks of American economists for making more easily available the best small volume on general economics that has appeared in this decade.

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NEW BOOKS

CARTER, H. *The limitations of state industrial control. A symposium.* (London: T. Fisher Unwin. 1919. 6d.)

KALE, V. G. *Introduction to the study of Indian economics.* (Poona: Aryabhushan Press. 1918. Pp. 534. Rs.5.)

Highly praised by Professor H. S. Jevons in *Indian Journal of Economics*, December, 1918, page 423. Certain "chapters are devoted to Commercial Policy—i.e., whether freedom of trade or protection will be the most beneficial to India, to The Currency System, and to the discussion of the Foreign Exchange, including Gold Exchange Standard. Then follows a discussion of indigenous banking and of the modern growth of Exchange Banks and Joint Stock Banks: and the coöperative movement is then described. . . . In chapter XVI is a description of Taxation which touches on the

nature of land-taxation and on the Permanent Settlement, on the income tax, and various other questions."

MACKENZIE, J. S. *Outlines of social philosophy*. (London: Allen & Unwin; New York: Macmillan. 1918. Pp. 280. 10s. 6d.)

This book is No. 52 in Studies in Economics and Political Science issued under the auspices of the London School of Economics and Political Science. It embodies a course of lectures given at that school in the session 1916-17, and the author suggests that it may be regarded as taking the place of his *Introduction to Social Philosophy* published about thirty years ago, which has been out of print for a long time. It aims at two classes of students: beginners who need an outline of the subject with very elementary definitions and explanations, and more advanced students.

The somewhat uncertain field is treated in three books. Book I, *The Foundations of Social Order*, includes brief chapters on human nature, community, and modes of association. Book II, *National Order*, includes the family, educational and industrial institutions, the state, justice, and social ideals. Book III, *World Order*, includes international relations, the place of religion, the place of culture, and a chapter dealing with such topics as progress, social control, dangers of the present situation. The point of view of the author, as is well known to students, is in general that of the so-called idealistic school of which the late Thomas Hill Green was the leader. But Professor Mackenzie is not so close a follower of Hegel as, for example, Professor Bosanquet, whose position has hardly been shaken by the war which has given many idealists pause in their views of the state, and has compelled many to reconsider their earlier somewhat harsh attitude toward English individualism. The chief merit of the book is that it offers a clear and readable outline for considering many fundamental problems. The chief difficulty is that many very fundamental problems are treated with such extreme brevity as to give the impression of superficiality. For example, property, wealth and poverty, competition, individualism and socialism, are dismissed with from half a page to three pages each. Justice is given a very scant treatment largely based on Plato and Aristotle. And one gets no feeling at all, in reading the book, of such great dynamic agencies as are now at work in the class struggle.

One question is almost inevitably raised by any book in this field at the present time: What is the relation between social philosophy and the theory which the political scientist, the economist, and the sociologist develop in connection with their proper problems? The social philosopher of Hegel's day had no difficulty. He could treat all institutions from the standard of the absolute idea; but the philosopher who would be at once in touch with present situations and at the same time justify his claim for an independent field, has a more complex task. Doubtless he must show the ideas which are at work in present movements, and he must also, if he is not entirely *a priori*, test his principles somewhat by consequences; but

where shall the line be drawn? For one, I should prefer to see more of the concrete material introduced, both by way of setting the problems more sharply and of testing more objectively principles that are proposed.

J. H. TUFTS.

NEARING, S. *The human element in economics. Twelve lessons.* (New York: Rand School of Social Science. 1919. Pp. 67. \$3.50.)

ROBINSON, C. E. *New fallacies of Midas.* (London: Methuen. 1919. 6s.)

TOTOMAINZ, V. *Armenia economica.* (Rome: Formiggini. 1919. Pp. 86.)

Economic History and Geography

Foreign Financial Control in China. By T. W. OVERLACH. (New York: The Macmillan Company. 1919. Pp. xiii, 295. \$2.00.)

Within two weeks of the arrangement worked out by the Peace Conference disposing of the German interests in Shantung in dispute between Japan and China, an equally far-reaching agreement was reached in Paris on May 12 effecting a joint financing of China by the Great Powers. The possibilities of this United States proposal virtually to pool the development of this richest undeveloped quarter of the world bring to the front all the international rivalries in the Far East since 1894.

The participation of America in what is really a revival of the 1911 consortium on the broader foundation which our new international outlook has given us shows the need of a survey of the conditions existing today in the Far Eastern financial world. To understand the problem, Americans must know the extent of foreign interests in this field and the control exerted over China with its political implications. *Foreign Financial Control in China* is a discussion of such a background. The purpose avowed has been to "adopt a sympathetic view and attitude toward all the powers concerned, trying to do justice to each, instead of seeing things through the colored glasses of national ambitions"; at the outset, any intention "to offer a solution, to give suggestions, or to pass judgment is repudiated" (p. iii). What this brings us to, however, is another matter.

In a summary way, the book lays down the theory of the politico-financial activities which are today decisive in the Far East, sets the historical scene, and proceeds to survey the purposes of

Britain, Russia, France, Germany, Japan, and the United States from each national viewpoint, finally taking a cautious glimpse in passing at the vista of *haute finance* in the Extreme East. Great importance is attached to the terms employed (p. iv and following), the distinctions being vital to the purpose. "Sphere of interest" is properly applied to a regional economic priority without the power of political interference predicated by a "sphere of influence." Though the latter—suggesting "a certain degree of authority or control, either financial or political, exercised by a foreign power within a certain territory"—may not have been used officially regarding China, it would seem that the practical position Japan has achieved in South Manchuria and Eastern Inner Mongolia can only be termed a sphere of influence accordingly. The dividing line appears to be: "As long as control consists merely of a legitimate protection of the financier, subject to agreements of an exclusively financial nature" (p. vi), it is a sphere of interest only. The "open door" as a doctrine intended to preserve equality of opportunity economically does not, it is contended, directly oppose spheres of interest; but this is really the shadow-land of Far Eastern politics where the workout is the important thing. We believe in practice, as most observers will admit, the open door has been invoked to prevent spheres of interest developing to break down China's integrity. In an analysis of the essential features of foreign "control," we are told these clauses "denote certain financial safeguards for the protection of loan funds" in the interest of owners and bondholders. But this definition of Willard Straight's becomes the basis for a theory of Chinese finance to which he would not subscribe because he was above all practical and dealt in Far Eastern realities as a diplomat and a financier.

The attempt is made in *Foreign Financial Control in China* to demonstrate that these clauses conferring financial control do not carry with them *per se* political control. It is admitted they often "tend to evade, by practices which are difficult to trace definitely, the principle of equal opportunity"; yet it is at the same time maintained that "foreign control in China is nominally purely financial, and if political, it is an undue extension of financial control by means of a peculiar wording and an arbitrary interpretation of the control clauses embodied in the different railroad and loan agreements" (pp. x-xi). The position is assumed at the outset that no powers have "exercised and still exercise control upon

other premises than railroad or loan agreements"—leaseholds and extritoriality are excluded as factors because foreign control is only "exercised where no sovereign rights have been ceded." Many of us will confess an inability to follow this; there is too patent objection to such a line of reasoning. Would foreign control have been even "nominally purely financial"—taken the form it did—if political manipulation of the agreements had not been possible?

The significance of this speedily appears. Outlining the Chinese situation up to 1895, we are brought to Lord Salisbury's "battle of concessions" caused in China by "the immense development of the economic resources of Europe and the overproduction of capital" which "resulted in an unprecedented outflow of capital to all parts of the world." Thus "the private speculator and especially the great financial interests appear in China, and behind the latter is the whole diplomatic force of their respective countries; or the governments appear as the economic patrons of their subjects and promote or encourage financial enterprises in China" (p. 26). Surveying the activities of Great Britain, we find "that British control in China consists of nothing more than safeguards for the protection of bondholders and bankers, guaranteeing proper loan fund expenditure and adequate return. British control in China, exercised by private corporations, is therefore essentially financial and non-political" (ch. II).

Russian opportunism realising far-reaching schemes of empire next is shown in action in China. Prior to the Russo-Japanese War, Russian control in Manchuria had a political objective from the very financial terms in the instruments exploiting the region, while in backing the Belgian invasion of the Yangtze sphere it was only indirectly political. Since 1905, however, Russia has fallen back on a control which "is—legally—non-political" although both in North Manchuria and Mongolia the effect has been political (ch. III).

The French penetration of Southwestern China adjacent to her Indo-Chinese possessions offers a parallel to the Russian advance in the north, though it was not so aggressive as the Slavic policy prior to the struggle with Japan. In Central China, French interests were "purely financial." France is properly regarded as "the great creditor of Russia, and served as such, together with Belgium, as the financial agent for Russian schemes in the Far East." France is "only surpassed by Germany and Japan" in the coördination between political and financial activities (ch. IV).

Germany is given the role of a watching Power, indifferent to whether China's attempts at renovation succeeded or failed and ready to turn to account any development. On analysis, the German concessions in Shantung are declared to make for "control also political" (ch. V)—something Japanese statesmen are strenuously denying in taking over the ex-German rights awarded them by the Peace Conference.

In the light of recent events, the crux of the discussion is reached in the application of the formula thus developed to Japanese and American activities.

The rise of Japan in Chinese politics is outlined, the well known story of the South Manchuria Railway Company as a vast development corporation under imperialistic direction being the leading case. Two points should be observed. The conclusions regarding the characteristic Japanese "control" are not given with the assurance which the formula inspires in dealing with Britain, France, Germany and Russia. The unquestioned political manipulation springing from rights other than those resting solely on financial stipulations is carefully evaded. This is confirmed by the excessively wary discussion of the politico-financial advance of Japan, the Great War—the 1915 Demands, the war diplomacy, and the Ishii-Lansing Agreement (ch. V). The effect of this will be seen subsequently.

The contrast which the policy of the United States offers to that followed by other Powers is brought out clearly: "the United States has herself never exercised any 'control' whatsoever." In support of this, our diplomatic attitude from the beginning of our relations with China is cited, supplemented by a cursory examination of America's three abortive railway projects (ch. VII). This is treated further in the ensuing discussion of the coöperative aspects of international control growing out of the Sextuple Group negotiations, our withdrawal from the Reorganization Loan as a result of the Wilson-Bryan diplomacy, and the movement which has become a new consortium for the international financing of China (ch. VIII).

I maintain, however, that the formula of *Foreign Financial Control in China* does not meet the Far Eastern situation arising out of the Great War. The overwhelming political character of recent events, financial and imperialistic, proves too complex. That doubtless explains why we find a shying off from Japanese activities in China between 1914 and 1918. Yet these years have

changed the whole financial situation in the Extreme East, a change born of the tremendous political shift. No consideration of the foreign financing of China can avoid the eighty or more secret treaties, agreements, or accords by which Japan expects to control China. Much of this financing is wholly political in its import, introducing new terms achieved by a sinister state finance without a parallel in international relations. But this network of war diplomacy after all is predominant in the Far East today: it is decisive in Japanese-American relations, effected the Shantung settlement, and will bulk large in the new consortium.

One may search in vain for the perspective which clears up the present tangle of dollar diplomacy, yen diplomacy, and the rest of it. *Foreign Financial Control in China* is an examination of selected cases in the financial policies of the Powers with a formula which does not throw light on the overwhelmingly political nature of the situation today; financial control is not the end, nor can it alone clarify the situation which we face. This subordination of the political aspects is significant; truth is, the discussion of recent diplomacy does not inspire confidence. That "Japan's control over her new spheres" at bottom "will be financial" we cannot accept. Observations extending from Canton to the Siberian frontier bring the conviction that the extension of Japanese control in China rests upon the three-sided imperialistic weapon of financial control, political interference, and military prestige. That the Ishii-Lansing Agreement of November 2, 1917 "has dispersed much doubt and suspicion about Japan's ulterior aims in China" (p. 191), we cannot accept. We did not see any such results in Peking when discussing the arrangement with Chinese and foreign officials. In Tokyo, we found that our Japanese friends were taking it in a way which was diametrically opposed to America's own interpretation; and it was being used to damage us in China.

Far Eastern realities are against Mr. Overlach's views, since 1914. No discussion can avoid the Manchurian complications arising from the Open Door Policy with the declaration that as only "well-founded facts" can be considered, "we cannot pay attention to alleged breaches of obligations (pp. 177-178); it is ingenuously added: "Besides, Japan has at several occasions acknowledged and bound herself to the principles in question." We agree that is the awkward side of the Far Eastern question; but it is the crux of the politico-financial situation in the Orient today. The issue is whether Japan has kept faith, not whether

she has given pledges. This heedlessness of recent politico-financial developments, as those of us who saw the fight on the ground in Peking know, is dangerous. This is germane to the subject, since *Foreign Financial Control in China* was to be a study of "recent and present-day finance and political activities in China" (p. iii). Popularly, this work will be taken as a discussion of present-day conditions; but its usefulness does not extend beyond the year 1914. Moreover, I am under the impression that few laymen catch the importance of the self-imposed limitations.

Foreign Financial Control in China suffers from its form. It seems that the extensive quotations running over several pages, from agreements, etc., should have been inserted in block paragraphs (the Anglo-German Agreement, pp. 36-37; the Russo-Chinese Agreement of 1896 re railways, pp. 103-106; the Open Door Policy, pp. 199-200; etc.). The phrase "to quote from the text" frequently appears; yet sometimes the matter following is put in quotations, and at other times it is not. This is inviting confusion, especially when the text is sometimes compressed. The Russo-Chinese agreement given *in extenso* (pp. 103-106) commences with quotations but at the end of sixteen paragraphs of enumerations there is no closing quotation mark, to say nothing of each of the paragraph's being introduced in the customary way. On the other hand, the Anglo-German Agreement of 1900 (pp. 147-148) conforms to the established usage. Take the Anglo-Chinese railway loan agreement of October 10, 1898; it is impossible to tell whether the clauses running from page 50 on are given verbatim or are condensed. While quotation marks are absent, omissions are indicated on several pages. This introduces confusion into the fabric of the whole work.

Many will turn to this book for statistical matter regarding the loans made or contemplated which might well have been included. A good map seems almost essential to any clear appreciation of the situation, but that too is absent.

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Industry and Trade. By AVARD LONGLEY BISHOP and ALBERT GALLOWAY KELLER. (Boston: Ginn and Company. 1918. Pp. vi, 426. \$1.32.)

Professors Bishop and Keller have attacked the high school problem in social science instruction, or, if the reader prefers, of

industrial adjustment, from the viewpoint of industrial history. Yet the book is not an industrial history in the usual meaning of the term, but rather a descriptive account of American industries and American trade and commerce taken up in a historical way. The discussion proceeds topically rather than chronologically and is divided into seven parts, dealing respectively with "basic factors in our history—land and people"; the four common grouping of industries—agricultural, animal, mineral and manufacturing; transportation agencies and their effect upon American industrial development; and the promotion of American industries. As a succession of descriptive chapters conveying in simple language an elementary knowledge of industrial and commercial technique in its historical development and present significance the book is of rather unusual merit. A wide range of industries is covered, including the most important transportation industries; and the illustrations, found on almost every page, are surprisingly useful in supplementing the text.

Criticism of the content of the book can deal only with faults of minor importance, while all teachers who are alive to the needs of the time will approve its purpose. As stated by the authors in their preface, the dominant purpose of the book is "to afford a perspective of our workaday life as a living and developing whole." This is exactly what needs doing. At present it is to be doubted whether most of our university graduates, not to mention our high school students, go out into life with such a perspective, and university teachers as a group can afford to be charitable toward the secondary schools and those who write for them for any shortcomings in this respect. Having in mind, however, the crying need for a means of developing in our young people, both of high school and of college age, such an insight into our industrial life, the question which plagues the reviewer's mind is, will this book serve this purpose?

The question is in reality not one of this book but of this *kind* of book, and is not a new one. Will a topical arrangement with chronological development taken up afresh under each of many topics go so far in this direction as a chronological treatment dealing with many topics in each period? Will either of these methods give as unified a picture of our industrial and commercial life as can be presented by the functional mode of treatment which has its starting point in, and its emphasis upon, the things which industry and trade accomplish in the way of better or more

comfortable living rather than upon the multitude of industries by which the material wants of life are met? It is its functional unity that gives to business life in all directions such unity as it possesses. The reviewer does not doubt that the authors of *Industry and Trade* fully understand this. He is merely constrained to wonder why they and others who write books of this sort try so hard to convey the notion of unity to immature students by modes of presentation that make such a concept almost impossible of attainment by anyone. He finds it difficult to believe that even university students would be able to gather the many discrete discussions in this book into an interrelated, organic whole. He cannot avoid the feeling that it is far too much to expect of high school students with no assistance save that of the usually over-worked high school teacher. The inspired teacher, born to his task and thoroughly equipped for it, can give his students this view of industry with almost any book or with no book for a text. The reviewer doubts whether the ordinary teacher can do it with this one, excellent though it is of its type.

The criticism here set forth is not to be taken as destructive. The reviewer wishes indeed to recommend the book highly to those who prefer the mode of presentation utilized in it. It ought to be welcomed by them and given a thorough trial. And if the sifting process through which secondary school courses in industrial and social subjects are now passing leads to the ultimate selection of this type of book, or if the consecutive presentation of important industrial facts is all that can be hoped for in the training of boys and girls of high school age, the authors of this book will have performed a considerable service.

HARVEY A. WOOSTER.

Tufts College.

NEW BOOKS

ATKISSON, H. L. B. *Readjustment. A cross-section of the best considered literature and discussions.* (New York: National Association of Manufacturers. 1919. Pp. 92.)

D'AVENEL, L. G. *Histoire économique de la propriété, des salaires des denrées et de tous les prix en général. Depuis 1200 jusqu'en 1800.* VI. *L'évolution des dépenses privées.* (Paris: Ernest Leroux. 1918. 50 fr.)

BARCLAY, T. *Collapse and reconstruction; European conditions and American principles.* (Boston: Little, Brown. 1919. Pp. 315. \$2.50.)

- BARNETT, MRS. *Canon Barnett. His life, work, and friends.* Two volumes. (London: Murray. 1919. Pp. 392, 415.)
- BARRIOL, A. *Bibliographie économique, juridique et social de l'Égypte moderne.* (Paris: Journ. de la Société de Statistique de Paris. 1919.)
- BEATTY, B. *The red heart of Russia.* (New York: Century Co. 1918. Pp. 480. \$2.)
- BLAND, A. E. *English economic history: select documents.* (London: G. Bell & Sons. 1919. 6s.)
- BOLTON, H. F. *Kino's historical memoir to Pimeria Alta, 1683-1711.* (Cleveland, O.: Arthur H. Clark Co. 1919. Pp. 379; 329. \$12.50.)
A contemporary account of the beginnings of California, Sonora, and Arizona, by Father Eusebio Francisco Kino, S. J., pioneer, missionary, explorer, cartographer, and ranchman.
- BOOTH, C. *A memoir.* (New York: Macmillan. 1919. Pp. 176. 5s.)
- BRYANT, L. *Six red months in Russia.* (New York: Doran. 1918. Pp. 299. \$2.)
- CAMERON, W. H. M. *Present day impressions of Japan; the history, people, commerce, industries and resources of Japan and Japan's colonial empire.* (Chicago: Globe Encyclopedia Co. 1919. Pp. 931.)
- CERF, B. *Alsace-Lorraine since 1870.* (New York: Macmillan. 1919. Pp. 190. \$1.50.)
Chapter VII (pp. 119-161) deals with The Economic Question and discusses the iron interests.
- CLARKE, J. I. C. *Japan at first hand: her islands, their people, the picturesque, the real, with latest facts and figures on their war-time trade expansion and commercial outreach.* (New York: Dodd, Mead. 1918. Pp. 482.)
- COLE, G. D. H. *Guilds in the Middle Ages.* (London: G. Bell & Sons. 1919. 2s. 6d.)
- CUNNINGHAM, W. *Hints on the study of English economic history.* (London: Society for Promoting Christian Knowledge. 1919.)
- DOBBS, A. E. *Education and social movements, 1700-1850.* (New York: Longmans. 1919. Pp. 257. \$3.50.)
- DODD, W. E. *The cotton kingdom; a chronicle of the old South.* (New Haven: Yale Univ. Press. 1919. Pp. x, 161.)
- ELY, R. T. *The world war and leadership in a democracy.* The citizen's library of economics, politics, and sociology. (New York: Macmillan. 1918. Pp. 189. \$1.)
A series of patriotic lectures delivered at the University of Cali-

fornia in 1917. In the chapters on Germany the author draws intimately upon his own early experiences and impressions in that country.

FAIRLIE, J. A. *British war administration*. Carnegie Endowment for International Peace. Division of Economics and History. Preliminary economic studies of the war, no. 8. (New York: Oxford Univ. Press. 1919. Pp. x, 302.)

FORBES, A. *California: a history of upper and lower California from their first discovery to the present time*. New edition. (San Francisco: T. C. Russell. 1919. Pp. xvi, 372.)

FRIEDMAN, E. M. *Labor and reconstruction in Europe*. (New York: Dutton. 1919. Pp. xv, 216. \$2.50.)

GARVIN, J. L. *The economic foundations of peace*. (New York: Macmillan. 1919. Pp. 574.)

The premise of the book is that the economic relations of peoples will not regulate themselves any more than the economic relations of classes within any one country. In order to develop the principles and the mechanism of economic peace, one must examine the unprecedented development during the two generations before the war, bringing with it greatly increased interdependence between the various parts of the world, but failing to prevent the struggle of the last five years. Viewing also the extraordinary economic machinery which was devised and operated to supply and coördinate the efforts of the Allies and America to win the war, the thesis is stated that "much of this machinery must be retained during the period of reconstruction and that some corresponding system of economic coöperation must be made a permanent and indispensable part of any league of nations which seeks the fundamental reconciliation of peoples and at the same time understands the new connection between world peace and social peace."

In advocating a league for economic partnership, as well as for political association, the economic boycott is spoken of as the league's strongest arm in securing equal opportunity and the open door for all nations. Without this equal opportunity, political organization and political peace are but nominal. With the development of new means of communication and the unavoidable necessity for more common management, traffic coöperation is a necessary part of such economic coöperation. Further, the international operations of trusts, such as the meat trust and others, are said to indicate clearly that commerce and industry disregard national boundaries and should therefore come within the jurisdiction of some super-national body. Likewise, the demands of labor at the Peace Conference are said to indicate that labor organization and labor interests transcend the boundaries of any single nation. Mr. Garvin looks upon America's participation as a necessity to the success of any plan of economic coöperation. He says that if we support it, it will go through. In outlining the plan, the author goes into con-

siderable detail, showing the activities of the supreme economic council which he proposes shall be set up.

HARRY R. TOSDAL.

HEISKELL, S. G. *Andrew Jackson and early Tennessee history*. (Nashville, Tenn.: Ambrose Press. 1919. Pp. 687. \$3.)

HERSHEY, A. S. and S. W. *Modern Japan; social, political, industrial*. (Indianapolis: Bobbs-Merrill. 1919. Pp. 382. \$1.50.)

HEYKING, A. *Problems confronting Russia*. (London: King. 1919. 10s. 6d.)

LAVELL, C. F. *Reconstruction and national life*. (New York: Macmillan. 1919. Pp. x, 190. \$1.60.)

Contains chapters on revolution and readjustment in France and Germany, idealism in German politics, the Russians and the dawn of British liberty and the Empire.

LIPPINCOTT, I. *Problems of reconstruction*. (New York: Macmillan. 1919. Pp. 340. \$1.60.)

An outline of the development of war control in belligerent and neutral countries and a brief analysis of the reconstruction problems which these nations must solve are given in this volume. To fully appreciate the magnitude of post-war problems, however, it is necessary to know something about the unprecedented recognition of national life occasioned by the war. The author outlines in detail the organization and operation of the wartime administrative agencies created to handle the problems of production, distribution, and conservation of essential commodities in the United States and foreign countries. He is convinced that in the United States emergency control is only temporary. War control, however, has demonstrated the efficiency of large-scale production and has stimulated the tendency toward combination. The question of legalizing trade combinations is one of the important issues of the reconstruction era.

The gist of the reconstruction problem is the necessity of meeting the numerous exigencies that will arise in reestablishing industry on a peace basis. It is fundamental that any program of reconstruction be founded upon a comprehensive view and a thorough investigation of the entire industrial field. Moreover, readjustment measures must be designed for the protection of progress and the equitable distribution of its benefits. Of all the methods advanced for meeting the post-war situation, the author believes that a central committee and numerous subcommittees, similar to those established by Great Britain, constitute the best method of approach. In all this there must be continued coöperation between the government and the nation's experts in industry, trade, finance, and research.

The study is thorough and comprehensive, and is a valuable addition to reconstruction literature. "Problems of reconstruction," however, is not a true index of the contents of the book, for fully two thirds of it is devoted to an outline of war control.

GORDON S. WATKINS.

LIPPMAN, W. *The political scene. An essay on the victory of 1918.* (New York: Holt. 1919. Pp. xiv, 124. \$1.)

LITMAN, S. *The republic of Ukraine.* (Urbana, Ill.: War Committee of the University. 1919. Pp. 8. 10c.)

LONG, R. C. *Russian revolution aspects.* (New York: Dutton. 1918. \$2.50.)

McKITRICK, R. *The public land system of Texas, 1823-1910.* Bulletin of the University of Wisconsin, no. 905. (Madison, Wis.: Univ. Wisconsin. 1918. Pp. 172. 25c.)

An historical study describing the formation of the public domain in Texas and land grants to settlers, to internal improvement companies, for educational and eleemosynary institutions. One chapter deals with public lands as a source of revenue. There is a bibliography of six pages.

MARION, M. *Histoire financière de la France depuis 1715.* Vol. II, 1789-1792. (Paris: Rousseau. 1919. Pp. 390. 12.50 fr.)

MASSE, A. *La guerre et le cheptel national. Répercussion sur la consommation et le prix de la viande.* (Paris: Musée Social. 1919. Pp. 169.)

MEYER, H. H. B. *A check list of the literature and other material in the Library of Congress on the European War.* (Washington: 1918. Supt. Docs. Pp. 293.)

MILLARD, T. F. F. *Democracy and the Eastern question; the problem of the Far East as demonstrated by the Great War, and its relation to the United States of America.* (New York: Century. 1919. Pp. 446. \$3.)

REED, J. *Ten days that shook the world.* (New York: Boni & Liveright. 1919. \$1.50.)

RENARD, G. *Guilds in the Middle Ages.* (New York: G. Bell & Sons. 1919. 2s. 6d.)

SACK, A. J. *Birth of the Russian revolution.* (New York: Russian Information Bureau. 1918.)

SCOTT, J. B. *James Madison's notes of debates in the federal convention of 1787 and their relation to a more perfect society of nations.* (New York: Oxford Univ. Press. 1918. Pp. 149. \$2.)

SPARGO, J. *Bolshevism; the enemy of political and industrial democracy.* (New York: Harper. 1919. Pp. 289. \$1.50.)

SUMNER, W. G. *The forgotten man, and other essays.* (New Haven: Yale Univ. Press. 1918. Pp. 559. \$2.50.)

TARLÉ, A. DE. *La préparation de la lutte économique par l'Allemagne.* (Paris: Payot. 1919. 4.50 fr.)

YVES-GUYOT. *Les conséquences économiques de la guerre aux Etats-Unis.* (Paris: Agence Economique & Financière, 28 Bd. Poissonnière. 1919.)

The Canada Yearbook, 1918. (Ottawa: Dominion Bureau of Statistics. 1919. Pp. 686.)

Commercial atlas of America. Special edition with foreign supplement. (Chicago: Rand, McNally. 1919. Pp. 493. \$20.)

Economic conditions prevailing in Germany, December, 1918-March, 1919. Reports by British officers. (London: King. 1919. 9d.)

Economic trends of war and reconstruction, 1860-1870. (New York: Brookmire Economic Service. 1918. Pp. 30. \$5.)

Financial and commercial review, 1918. (London: Swiss Bank Corporation. 1919. Pp. 57.)

General information regarding the territory of Alaska. (Washington: Dept. of Interior. 1919. Pp. 94.)

Intercambio economico de la Republica, 1910-17. (Buenos Aires: Director-General de Estadistica de la Nacion. 1918. Pp. viii, 342.)

International economics. (Philadelphia: American Academy of Political and Social Science. May, 1919. Pp. 327. \$1.)

Contains some twenty articles, among which may be noted: International phases of the land question, by T. N. Carver; The declining independence of the United States, by Grosvenor M. Jones; The vital concern of agriculture in foreign trade, by Charles J. Brand; Economic aspects of the world mineral situation, by Alfred G. White; The American trade balance and probable trade tendencies (illustrated by many charts), by J. Russell Smith; American industries and foreign trade following the war, by Walter B. Palmer; American tariff policies from an international point of view, by William S. Culbertson; the United States and Mexican finance, by Edward D. Trowbridge; An international "gold fund," by H. Parker Willis; The international labor question, by W. Jett Lauck; Hours of labor in foreign countries, by Leifur Magnusson; Recent phases of competition in international trade, by William B. Colver; Economic factors in the peace settlement, by Isaac Lippincott; and Trade and a league of nations or economic internationalism, by J. Russell Smith.

Land colonization. A general review of the problems and survey of remedies. (Washington: National Catholic War Council. 1919. Pp. 16.)

Reconstruction. Report of the work of the Ministry of Reconstruction for the period ending December 31, 1918. (London: King. 1919. 6d.)

Reports of committee on emergency legislation, with evidence and index. (London: Wyman. Pp. 141. 7d.)

Select list of references on economic reconstruction, including reports of the British Ministry of Reconstruction. (Washington: Library of Congress. 1919. Pp. 47.)

Agriculture, Mining, Forestry, and Fisheries

NEW BOOKS

- BEAL, C. H. *The decline and ultimate production of oil wells, with notes on the valuation of oil properties.* (Washington: Bureau of Mines. 1919. Pp. 215.)
- BENTON, A. H. *Farm tenancy and leases.* Agricultural Experiment Station bull. 178. (Minneapolis: Univ. Minn. 1919. Pp. 33.)
- BURCHARD, E. F. *Iron ore, pig iron and steel in 1917.* Mineral resources of the United States, 1917, part I, no. 30. (Washington: Supt. Docs. 1918. Pp. 557-603.)
- DEAN, E. O. *Opportunities in farming.* (New York: Harper. 1919. Pp. 96. 75c.)
- FOOTE, A. R. *A model farm management and credit system.* (Washington: Am. Progress Pub. Co. 1917. Pp. vii, 59.)
- GALPIN, C. J. and HOAG, E. F. *Farm tenancy. An analysis of the occupancy of 500 farms.* (Madison: Agri. Experiment Sta. 1919. Pp. 18.)
 This brief but intensive study is based upon personal investigation made of 500 farms in Dane County, Wisconsin, in 1918. A history of the occupancy of each farm during a ten-year period was obtained. The results are tabulated in a series of tables.
- HIBBARD, B. H. *Effects of the great war upon agriculture in the United States and Great Britain.* Carnegie Endowment for International peace. Preliminary economic studies of the war, no. 11. (New York: Oxford Univ. Press. 1919. Pp. ix, 232.)
- JANIN, C. *Gold dredging in the United States.* Bureau of Mines bulletin 27. (Washington: Supt. Docs. 1918. Pp. 224. 50c.)
- MAZZOCCHI-ALEMANNI, N. *L'agricoltura nella politica coloniale.* (Tripoli: Stab. Nuove Arti Grafiche. 1919. Pp. 52. 2 l.)
- MILLER, B. LER. and SINGEWALD, J. T., JR. *The mineral deposits of South America.* (New York: McGraw-Hill. 1919. Pp. 598. \$5.)
- PAULIN, H. *Le fer et le charbon. Conditions de la paix future.* (Paris: Bossard. 1919. 1.50 fr.)
- PHALEN, W. C. *Salt resources of the United States.* Geological Survey bull. 669. (Washington: Supt. Docs. 1919. 35s.)
- PEARSON, F. A. *The cost of milk production computed on the year basis.* Agricultural Experiment Station, bull. no. 216. (Urbana, Ill.: Univ. Illinois. 1919. Pp. 342-364.)
- REESE, A. M. *Outlines of economic zoölogy.* (Philadelphia: Blakiston. 1919. Pp. xvii, 316.)
- SMITH-GORDON, L. and STAPLES, L. C. *Rural reconstruction in Ireland. A record of coöperative organization.* (New Haven: Yale Univ. Press. 1919. Pp. 301. \$3.)

THOMPSON, J. W. *California mining statutes annotated*. Bureau of Mines bull. 161. (Washington: Supt. Docs. 1918. Pp. 312. 50c.)

THOMPSON, J. W. *Illinois mining statutes annotated. Including all Illinois mining laws*. (Washington: Supt. Docs. 1919. Pp. 594.)

VARLEY, T. and others. *A preliminary report on the mining districts of Idaho*. (Washington: Dept. Interior. 1919. Pp. 113.)

WHITFORD, H. N. and CRAIG, R.D. *Forests of British Columbia*. (Ottawa: Commission of Conservation. 1918. Pp. 409.)

L'annuaire international de législation agricole. (Rome: Inst. Intern. d'Agri. 1918. Pp. lxxx, 1220.)

Census of industry, 1917. Part I. *Agricultural statistics, 1917*. Part II. *Fisheries statistics*. (Ottawa: Dominion Bureau of Statistics, 1919. Pp. xiv, 47.)

Coal mines. Coal industry commission act, 1919. Interim reports. (London: King. 1919. 3d.)

A contribution to the bibliography of agriculture in Virginia. (Richmond: Bulletin Virginia State Library. 1918. Pp. 35.)

This is a publication of a bibliography which was prepared some forty years ago by Mr. N. F. Cabell.

Dairy production in Ohio. Bulletin 334. (Wooster, O.: Agricultural Experiment Station. 1919. Pp. 509-541.)

Market crops of Florida. (Jacksonville, Fla.: Bradley Fertilizer Works. 1919. Pp. 98.)

Mineral resources of Michigan with statistical tables of production and value of mineral products for 1917 and prior years. (Lansing, Mich.: Mich. Geol. & Biological Survey. 1919. 80c.)

Report of the agricultural policy of sub-committee, appointed August, 1916, to consider and report upon the methods of effecting an increase in the home-grown food supplies, having regard to the need of such increase in the interest of national security; together with reports by Sir Matthew G. Wallace. (London: Ministry of Reconstruction. 1918. Pp. 136.)

Report of the committee of the Agricultural Wages Board, to inquire into the financial results of the occupation of agricultural land and cost of living of rural workers. (London: King. 1919. 9d.)

Statistics of mines and quarries in Ohio, 1917. (Columbus, O.: Industrial Commission. 1918. Pp. 98.)

The United States reclamation service; its history, activities and organization. Institute for Government Research, monograph no. 2. (New York: Appleton. 1919. Pp. xi, 177.)

Wages and conditions of employment in agriculture. Vol. I. *General report* by GEOFFREY DRAGE. Vol. II. *Reports of investigators*. (London: King. 1919.)

Manufacturing Industries

NEW BOOKS

BIGWOOD, G. *Cotton*. (New York: Holt. 1919. Pp. viii, 206. \$1.60.)

An English book belonging to a series on Staple Trades and Industries, edited by Gordon D. Knox. The author of this volume makes what he terms "a modest attempt briefly to trace the beginnings of the cotton industry from the earliest times down to the present day." Different chapters deal with the history of the cotton plant, development of spinning, cotton fields, triumph of mechanical invention, classification of the world's crop, gambling in cotton, cotton fabrics, cotton organizations and strikes. Appendix I has a paper on "Cotton futures," by Charles Stewart, read before the British Association in 1896. Appendix III summarizes the restrictions of the cotton trade in war time.

DENIS, L. G. *Electric generation and distribution in Canada*. (Ottawa: Commission of Conservation. 1918. Pp. 296.)

DODGE, H. I. *The packer and the cost of living. An interview with Louis F. Swift*. (New York: The Country Gentleman. Jan. 25, 1919. Pp. 10.)

FOSTER, L. G. *The new needlecraft*. (London: King. 1919. 3d.)

ORMEROD, F. *Wool*. (New York: Holt. 1919. Pp. xii, 221. \$1.60.)

This volume belongs to the same series as *Cotton*, mentioned above under Bigwood, and it deals with the woollen industry according to a similar treatment. The volume discusses fibre, world wool supply, marketing of wool, manufacturing, finishing, and the various uses of wool.

RAWLEY, R. C. *Economics of the silk industry*. (London: King. 1919. 10s. 6d.)

WARNES, A. R. *Coal tar and some of its products*. (New York: Pitman. 1919. Pp. 105. \$1.)

Census of industry, 1917. Part IV, section 4. *Pulp and paper*. (Ottawa: Dominion Bureau of Statistics. 1919. Pp. 50. 5c.)

Census of manufactures, 1914. Vol I. *Reports by states and principal cities*. (Washington: Bureau of the Census. 1918. Pp. 1677.)

Chemicals and allied products used in the United States. Miscellaneous series 32. (Washington: Supt. Docs. 1919. 25c.)

The General Chemical Company after 20 years, 1899-1919. (New York: General Chemical Company. 1919. Pp. 105.)

A history of the development of this company.

National Lumber Manufacturers Association's first American lumber congress and seventeenth annual meeting. (Chicago: Lumber World Review. Pp. 96.)

Contains the addresses delivered at the seventeenth annual meeting, held in Chicago, April 14-17, 1919.

Report of research committee of the National Council of Cotton Manufacturers. (Cambridge, Mass.: Research Committee of the Council, Lawrence Hall. 1919. Pp. 14.)

This pamphlet represents a preliminary report made by Professor Copeland, of Harvard University, for the Research Committee of the National Council of Cotton Manufacturers. The study includes a consideration of import and export statistics in various countries.

Transportation and Communication

NEW BOOKS

ACWORTH, W. M. *Report of the commissioner appointed to inquire into railway questions in Southern Rhodesia.* (Bulawayo: Argus Prtg. Co. Republished by the Railway Commission Committee. 1918. Pp. 80.)

BALDWIN, E. E. *The relation of law to the development of our merchant marine.* (New York: National Foreign Trade Council. 1919. Pp. 16.)

BROOKS, S. *The problem of British shipping.* (Washington: Supt. Docs. 1919. Pp. 14.)

CHOSE, S. C. *A monograph on Indian railway rates.* (Calcutta: Supt. Gov. Prtg. 1919. Pp. xxvi, 595, xxiv. 4s. 6d.)

COLLINS, J. H. *Motor transportation for rural districts.* (Washington: U. S. Dept. Agri. 1919. Pp. 32.)

COUNTY, A. J. *How shall we rehabilitate our railroads?* (New York: Nat. Assoc. Manufacturers. 1919. Pp. 226.)

FAIRCHILD, C. B., JR. *Training for the electric railway business.* (Philadelphia: Lippincott. 1919. Pp. 154.)

HURLEY, E. N. *Plan for the operation of the New American merchant marine.* (Washington: U. S. Shipping Board. 1919. Pp. 16.)

MITCHELL, C. E. *American railways under government operation and the financial outlook.* (New York: National City Co. 1919. Pp. 18.)

SMITH, J. R. *Influence of the Great War upon shipping.* Carnegie Endowment for International Peace. (New York: Oxford Univ. Press. 1919. Pp. vii, 357. \$1.)

WANG, C. C. *Legislative regulation of railway finance in England.* (Urbana, Ill.: Univ. Illinois. 1918. Pp. 80, 116. \$1.50.)

To be reviewed.

A graphic study of the Illinois Central Railway Company. (New York: National City Co. 1919. Pp. 23.)

Railway earnings in 1918. Railways having annual operating revenues above \$1,000,000. (Washington: Bureau of Railway Economics. 1919. Pp. 16.)

Railway reorganization, a study of possibilities of staff reorganization. (London: E. and F. N. Spon. 1919. 6s. 6d.)

Record of American and foreign shipping. (New York: Am. Bureau of Shipping. 1919. Pp. 1056.)

Results of government control in 1918. (New York: E. W. Cooper, 83 St. Johns St. 1919. Pp. 8. 5c.)

Shipping's share in foreign trade. Fundamentals of ocean transportation. (New York: Guaranty Trust Co. 1919. Pp. 30.)

Ships and the ocean. A list of books on ships, commerce, and the merchant marine. Compiled for the United States Shipping Board for the Free Public Library of Newark, N. J. (Washington: Supt. Docs. 1918. Pp. 7.)

World shipping data; report on European mission. (Washington: U. S. Shipping Board. 1918. Pp. 32.)

Trade, Commerce, and Commercial Crises

Commercial Russia. By WILLIAM HENRY BEABLE. (New York: The Macmillan Company. 1919. Pp. 278. \$3.00.)

The reviewer who sets out to criticise a work upon Russia from the viewpoint of the correctness of fact is obviously confronted by an impossible task. One statement which may always be safely made is that undoubtedly conditions have changed since the book was written; so much is true of Mr. Beable's work upon commercial Russia. It is written by the organizer of the Anglo-Russian Trade Commission, established for the purpose of investigating on the spot the possibilities of British manufactures in Russia and the best methods to be employed for securing trade after the war.

The book is written upon the basis of two trips to Russia in 1916 and in 1917. The author draws freely upon official English sources for material, but advises merchants of his own country to make use of the Foreign Office, rather than of the Board of Trade, as a source of information. Mr. Beable's work, as its title indicates, is devoted, like the smaller work of the Russian merchants C. E. W. Petterson and Steveni (*How To Do Business With Russia*), to commercial development and commercial methods more completely than other works of description which have been accorded wide circulation. For discussion of characteristics of the country, the language, and the people, other sources are perhaps more readable and more authoritative. The work by Gregoire Alexinsky (*La Russie Moderne*; also translated into English) has interesting chapters upon the same topics.

In the economic descriptions of particular sections, such as Baltic Provinces and Poland, Ural Mountains and Ekatinburg, Finland, Siberia, Mr. Beable retains his viewpoint of opportunity for English development; likewise, in the discussion of particular industries, such as agricultural machinery, chemicals, textiles and textile machinery, boots, shoes, iron, and steel.

Altogether, the work is the most comprehensive on Russian commercial methods which has yet been published. However, the great political changes with their inevitable economic consequences which have taken place since the writing of the book must have antiquated much of the information given. It is not exhaustive upon any point. The banking system of Russia and banking methods are hardly touched upon. Commercial policy is likewise neglected. Public finance receives no mention. In a chapter on the question of credit and law, some extracts of Russian law relative to such transactions are given. In all probability, however, these laws are not in force at the present time, or at least have been greatly altered.

Mr. Beable seems to have drawn, as other authors on Russia, upon contemporary observation and to have made too little use of the analytical work performed by other students. In view of later events, there may be some significance in the fact that prior to the war, and especially in the period from 1905 to 1910, there appeared in Germany a number of monographs on Russian conditions, some of them highly specialized studies of merit. Several were published in the Schmoller's *Jahrbücher*; e.g., the work of Klaus on the Russian banking system, the monograph on the Russian sugar industry by Preyer, and the monetary study, *Die Russische Goldwährung*, by W. Fajans. The monograph by Jurawsky on the Russian grain trade may also be mentioned; another by Zweig on commercial policy since 1877; and lastly the study by Max Sering, *Russlands Kultur und Volkswirtschaft*. If the studies of this nature gave a scientific base for the proposed exploitation of Russia, they deserve to be considered in a work which is endeavoring to lay a foundation for trade development by English interests. The sort of information selected by Mr. Beable for presentation is, to a very large extent, that which is sorely needed by every would-be exporter to Russia. However, his book does not go far enough. It is to be hoped that as a preliminary there may be published further studies of commercial conditions, so that we may have as a substitute for rumor and

exaggeration authoritative information upon actual conditions of interest to business men.

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NEW BOOKS

LALLIÉ, N. *La guerre au commerce allemand.* (Paris: Tenin. 1919. 3.50 fr.)

MAPPIN, G. E. *Can we compete?* (London: Skeffington & Son. 1918. Pp. x, 159. 4s. 6d.)

MOORE, J. T. M. *American business in world markets.* (New York: Doran. 1919. Pp. xi, 320. \$2.)

PRIVAT, M. *Si j'étais ministre du commerce.* (Paris: La Renaissance du Livre. 1918. Pp. 196. 2.50 fr.)

There are chapters on the future of French industry and commercial treaties, *commerce de luxe*, home industries, individual credit, coöperation, syndicates, and the reorganization of the ministry of commerce.

SAVAY, N. *Principles of foreign trade.* (New York: Ronald. 1919. Pp. 500. \$4.)

SHEFFIELD, LORD. *Imperial preference; an examination of proposals for its establishment made on behalf of the government of Mr. Lloyd George.* (London: Cobden Club. 1919. Pp. 35. 6d.)

VERRILL, A. H. *South and Central American trade conditions of today.* (New York: Dodd, Mead & Co. 1919. Pp. xii, 212. \$1.50.)

This differs from the earlier edition of 1914 in respect to part III, Facts and Figures, which comprises about one half of the book. Statistical and other trade data contained in this section are shown in most cases for 1917 or 1916. Diagrams representing the divisions of Latin trade have been omitted in the new edition. The author points out exceptional opportunities for developing South and Central American trade and incidentally takes the American business man severely to task for failure to cultivate properly these markets.

M. J. S.

Coöperative service in foreign trade. (New York: Irving National Bank. 1919. Pp. 17.)

The development of America's foreign trade. Report of the committee on commerce and marine. (New York: Am. Bankers Assoc. 1919. Pp. 8.)

Export problems of the United States: papers read before the ninth annual convention, October, 1918. (New York: Louis Weiss & Co. 1919. Pn. 446.)

Export trade policy of the United Kingdom, 1913-1918. (Washington: Supt. Docs. 1918. 60c.)

Reconstruction of foreign and domestic markets. Part 1. Manufacturing capacity and world trade. (New York: Association of National Advertisers, 15 East 26th St. 1919. Pp. 36.)

Summarizes facts in regard to British industries before the war presented in the final report of the Committee on Commercial and Industrial Policy after the War. It also summarizes "key" industries of France and Germany.

Review of the trade of India in 1917-18. (Calcutta: Department of Statistics of India. 1919. Pp. 82. 1s. 2d.)

Trading with China; methods found successful in dealing with the Chinese. (New York: Guaranty Trust Co. 1919. Pp. 24.)

World trade. A list of books on world trade. Compiled for the United States Shipping Board by the Free Public Library of Newark, N. J. (Washington: Supt. Docs. 1918. Pp. 8.)

World trade conditions after the war; an analysis of the preparations England, France, and Germany are now making to extend their foreign trade. (New York: National Foreign Trade Council. 1918. Pp. 72.)

Accounting, Business Methods, Investments, and the Exchanges

Principles of Accounting. By WILLIAM ANDREW PATON and RUSSELL ALGER STEVENSON. (New York: The Macmillan Company. 1918. Pp. xviii, 685. \$3.25.)

Cost Accounting. By J. LEE NICHOLSON and JOHN F. D. ROHRBACH. (New York: The Ronald Press Company. 1919. Pp. xxi, 576. \$6.00.)

Of these volumes, the first, *Principles of Accounting*, by Professors Paton and Stevenson, a revised and enlarged edition of an earlier volume by the same title, is of interest primarily to academic students and teachers. In its new form it is, if not the most serviceable, at least one of the most serviceable, of single-volume university texts in the field of general accounting principles.

After a brief introductory chapter, the materials are organized into six parts, as follows: I, Elements of Accounting; II, The Equity Accounts; III, The Interest Problem; IV, The Valuation of Assets; V, The Construction and Analysis of Financial Statements; and, VI, Special Fields of Accounting. This arrangement seems to be satisfactory for pedagogical purposes, and, with the possible exception of the insertion of the interest discussion in the middle of the volume, is logical enough.

The authors indicate in their preface (pp. vi-viii) that they consider the distinguishing feature of their work to be, first, a departure from the practice of stressing the proprietary interest in business enterprises; second, the presentation of a logical theory of valuation; third, emphasis upon the interest factor as one entering in an important manner into many concrete accounting problems; and fourth, failure to conform at all points to the terminology employed by professional accountants, business men, and public regulating bodies. Criticism of the volume may well be based upon these four features.

Hatfield uses as the fundamental accounting equation "goods = proprietorship,"¹ which, in its more elaborated form arranged in accordance with the account form of financial statement, reads "goods = proprietorship + debts" (*i.e.*, negative goods).² Similarly Kester modifies his fundamental equation, "assets = proprietorship," into "assets = liabilities + proprietorship."³ Paton and Stevenson, however, are satisfied with "assets = equities" as the basis for explaining the use of debits and credits. They maintain, having in mind particularly the compromises and sacrifices made at times of corporate reorganization, that, in view of the complexity of rights of holders of corporate securities, it is impossible always to differentiate sharply between proprietors and creditors in any but a strictly legal sense. There is an element of truth in their contention. But it is doubtful whether the point is deserving of the importance assigned to it. The accountant is concerned with businesses enjoying the blessings of health as well as with those suffering from financial and other diseases and disturbances. While he may function in an important manner when corporations are reorganized, he is also, and perhaps even more, in demand when business troubles are not apparent. Is it not reasonable to suppose that an accounting philosophy based upon a clear recognition of pure proprietorship, instilled into the minds of future accountants, might be instrumental in no small degree in eliminating the necessity for reorganization sacrifices?

Criticism may be pressed even farther. The authors do not appear to have made much use of their point. Three of the four chapters in part II (The Equity Accounts) deal with the accounting treatment of the pure proprietorship element. The short re-

¹ *Modern Accounting*, p. 9.

² *Ibid.*, p. 14.

³ *Accounting—Theory and Practice*, vol. I, pp. 14, 15.

maining chapter discusses the "outside" equities, or liabilities. These are grouped as (a) accounts and notes payable; (b) accrued, deferred and contingent liabilities; and (c) mortgages and bonds. To quote a few significant passages:

The interests represented by the accounts payable are usually *equities*⁴ in the enterprise only in a limited sense (p. 315).

The equity of the noteholders . . . may constitute in a given case an important element in total ownership; and the interest accrued on notes payable may represent a significant distribution of net revenue. . . . More commonly, however, specific notes and accounts payable are liabilities which must be actually paid in cash within a comparatively short period. If the noteholder does not contemplate an actual investment in the enterprise of the maker of the note, he will usually insist upon withdrawing his capital upon the termination of the contract (p. 318).

Accrued liabilities are current claims which are recognized at the time of closing the books. . . . Such items are usually retired within a few days or weeks after the books are closed. Liabilities of this kind usually do not assume significance in amount, and hence do not represent an important element in the ownership of an enterprise. The laborer, for example, does not make an investment in the enterprise in the ordinary sense (pp. 318-319).

It is suggested that contingent liabilities be omitted from the books proper (p. 321). In effect, then, the liabilities which for practical purposes may be considered important equities are reduced to mortgages and bonds outstanding.

This concept of liabilities as equities, if not exactly fantastic, is, then, of dubious usefulness. Or at least it has been little used by the authors. There is objection to it on pedagogical grounds. It is not unlikely that teachers who have found the concept of liabilities as negative assets to be a quite satisfactory tool for laying down the necessary foundation of double entry bookkeeping will regard this innovation as unfortunate.

Needless to say, the considerations outlined in the preceding paragraph are closely related to the fourth feature of the work, departure from accepted terminology. Certain definitions, as, for example, that of revenue, must be reformulated to be strictly consistent with the bookkeeping philosophy presented. In general, however, the authors have taken pains to call attention to departures from customary business, professional, or official usage.

Professors Paton and Stevenson are to be commended for their handling of what they term a logical theory of the valuation of assets—that is, a theory which recognizes the propriety of record-

⁴The italics appear in the book.

ing appreciation as well as depreciation. It is one thing to teach university students the facts of accounting and business practice. It is quite another, more difficult and more important, to discuss critically a logical procedure. The authors have attempted both tasks, with a fair degree of success, and have presented a formidable case for what they consider the logical procedure. Objections are frankly stated and as frankly answered. The treatment should be characterized as progressive rather than as radical or unsafe. It is recognized that satisfactory standards for the measurement of appreciation must be evolved, that appreciation should not be recorded until it is known assuredly to have occurred, and that conservative business management will make careful and discriminating disposition of book profits resulting from the logical procedure.

In part III there are presented chapters dealing with the general analysis of the interest problem, interest calculations of several types frequently used by accountants, and the accounting procedure covering the interest factor in both asset and equity accounts. These materials are so arranged as to make easily possible abbreviation of this topic for classroom purposes to fit the needs and purposes of the instructor.

Like the volume just reviewed, Nicholson and Rohrbach's *Cost Accounting* is a revision of an earlier volume⁵ and represents a forward step in its particular field. The material presented is chiefly descriptive. There are seven distinct parts of the book, and the last preceding statement applies particularly to the first four parts, designated as follows: I, Elements and Methods of Cost-Finding; II, Factory Routine and Detailed Reports; III, Compiling and Summarizing the Cost Records; IV, Controlling the Cost Records. Part V, The Installation of a Cost System, is both descriptive and suggestive. Part VI, Simplified Cost Finding Methods, is again chiefly descriptive.

Part VII, Cost-Plus Contracts, is analytical and suggestive, and contains that which will be regarded by many as the most valuable material in the volume. In 1917 and 1918 the senior author was Supervising Cost Accountant in the Ordnance Department of the United States Army, having the rank of Major. Previous to this he was chief of the Division of Cost Accounting of the Department of Commerce. The filling of these positions

⁵ J. Lee Nicholson, *Cost Accounting, Theory and Practice*.

gave him ample opportunity to become familiar with the war contract situation in its accounting aspects. In the summer of 1917 he was chairman of a conference of delegates from the War, Navy, and Commerce Departments, the Federal Trade Commission, and the Council of National Defense. This conference, in a pamphlet issued July 31, 1917, made certain recommendations regarding government contracts, and these recommendations are presented verbatim in chapter 30 of the book under review. Chapters 31 and 32 contain the senior author's personal, not official, opinions concerning the correct accounting procedure in the handling of cost-plus contracts. In chapter 33, likewise, are found his personal opinions regarding the proper terms of cancellation of such contracts. These chapters are most timely and will be read with interest by professional accountants and contractors.

The materials of the volume are well organized. The reader is given a bird's eye view of the problems dealt with, and is then shown in detail the development of cost and controlling records from the various business and factory forms. The authors have taken pains to emphasize relationships, presenting frequent summary charts. Fundamentals regarding the forms for orders, reports, and records have been illustrated, and the mistake has not been made of confounding multiplicity of illustration with clarity of exposition.

The volume is intended for use by accountants, manufacturers, and students. Members of the first two groups will find particularly useful the information contained in the tables of approved depreciation rates for different types of assets (pp. 145-153), as well as the discussion of the relationship between overtime and the modification of standard depreciation rates (pp. 156-161).

The authors have avoided for the most part the introduction of controversial theoretical topics. In dealing with the admittedly controversial question as to whether it is proper to treat normal interest return on passive investment as a part of manufacturing costs, the position is taken that interest on fixed assets should be so charged, but not interest on floating capital investment. The charging of some interest item is considered necessary to the successful distribution of overhead. Or, more exactly, normal return on passive investment is regarded as overhead to be distributed among the factory products. The writer of this chapter (IV) considers that the opposition argument is directed chiefly at the practice of making these charges as part of the regular costs,

not at the mere calculation thereof for use in statistical report form in the quotation of prices. He therefore suggests (p. 140) an accounting procedure supposed to meet this objection.

The opposition view is presented forcefully by Professors Paton and Stevenson on pages 613-615 of their general text. To these writers, interest charges, whether contractual or non-contractual, are distribution-of-income, not expense, items. But, they say, if these charges are to be made at all, the logical procedure would be to distribute among the factory products the normal return on all the capital invested, not that on the fixed assets only. With this last contention, at least, the reviewer is inclined to agree. But Professors Paton and Stevenson appear to believe that the problem in hand is being solved on other than logical ground. For they say: "The use of interest charges in cost accounts on anything like a rational basis is a procedure which faces almost insurmountable practical obstacles. It is probably this fact rather than the logic of the case that is causing cost accountants to begin to recover from the interest obsession" (p. 615).

Not improbably the issue is beclouded by reason of the different points of view involved. The cost accountant wishes, among other things, to furnish the selling department adequate data upon which to base a price policy. The general accountant has in mind the preparation of correct, unpadding statements of condition and of operation. For the purposes of the one certain information is needed, which by the other should be discarded. Reconciliation of the opposing ideas ought to be possible, perhaps along the lines suggested by Messrs. Nicholson and Rohrbach.

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Public Utility Rate Fixing. By C. E. GRUNSKY. (San Francisco: Technical Publishing Company. 1918. Pp. 168. \$2.50.)

Articles which were originally published in the *Journal of Electricity* are now brought together in this collection with very little change in the text. As articles, each was prepared to stand complete by itself; consequently, as a book, they do not hang very well together, present a great deal of repetition, and do not cover adequately the ground of public utility rate fixing. But whatever the technical defects of the book, which are recognized by Mr. Grunsky, the author is an eminent authority on valuation and rate

making; his ideas are forcibly presented and deserve attention.

There are ten chapters covering valuation for rate purposes, the relation of depreciation to the rate base, the special appraisal of real estate and water rights, rate of return upon investment, and preparation of a rate schedule. Mr. Grunsky thoroughly approves regulation of public utilities, even believes that similar control should be extended over other important industries of a monopolistic character, and he is particularly interested in establishing a satisfactory procedure with which regulation may be adequately administered.

As to valuation, Mr. Grunsky urges that normal actual investment should be taken as the rate base; that is, the cash actually put into the business by the investors. When this amount has been established, he would make neither a deduction for depreciation nor an addition for appreciation; he would recognize only the definite historical fact of investment. Upon this figure he would permit the company to earn a fair return after paying for operating expenses and taxes.

With this general view of the rate-base I feel in entire accord, but should disagree with the application. In the great majority of cases in which appraisals are made, there are no actual investment figures, and the only practical way to determine the investment is through a valuation of the existing property. Then, immediately, the question arises whether the inventory items should be valued at their prevailing prices, or at prices when the different units were individually installed—whether *reproduction* or *installation* cost should be used. Next, after a gross figure has been determined, the further question arises whether any deduction should be made for depreciation to take account of the existing age and condition of the property.

The author's insistence upon actual investment is beside the point, when such direct figures are not to be had. The problem is what would be a fair substitute figure? The author apparently would resort to *installation* cost of the property, without deduction for depreciation. But obviously such an amount may be very much greater than the actual investment, or very much less; there is no relation between the two, and there is no logical necessity for holding to undepreciated cost. Further, the author insists that the value or the quality of the service furnished by a utility has nothing to do with age of the property, and that this fact further shows that no deduction for depreciation should be made from the

investment. But the issue is not whether the investment shall be diminished because of age of plant, but to find a reasonable amount where the investment is unknown; consequently, the author's logic seems to break down. In the simplest form the question is, Would you allow the same valuation, assuming equal quality of service, whether (1) the plant is entirely new and up-to-date in every way; (2) whether it is of an average age and average condition; or (3) whether it is old, with many parts that must soon be retired? The answer must be obvious and the courts have ruled accordingly.

The author insists also that ordinary depreciation charges to operating expenses are not necessary, provided that adequate allowance is made out of earnings to take care of renewals as they are needed. This view, too, is presented to show that accrued depreciation should not be deducted from the rate base. Again, the logical relationship pointed out seems beside the point. Just how renewals should be taken care of is a matter of policy that can be variously determined, provided only that a sufficient allowance from earnings is actually made. But this has no bearing upon the determination of the rate base when a company is first brought under regulation and the amount of actual investment is unknown. When the uncertainty of investment is once cleared away through an appraisal, then, if regulation is to be systematically administered, only actual additional investment should be added; and no matter how renewals are handled the rate base should not be diminished because of any particular way of computing depreciation or allowing for renewals. But this matter would take care of itself through automatic accounting processes.

In general, it seems to me that the author's idea applies admirably to a company after a valuation of its property has been made and the uncertainty as to past investment has been cleared away. Thereafter, actual further investment should be added to the established rate base, and there would be no ground for further deduction for depreciation. Any other procedure would necessarily result in more or less indefiniteness and confusion in administration. But the author's view cannot be reasonably applied to a company newly brought under regulation, where the immediate problem is to determine the amount of investment entitled to a return. In such a case, there must be an appraisal and there must be reasonable regard for the physical condition of the property.

The immediate result of rate regulation is to limit the return upon investment, which tends to destroy the profit incentive leading to efficiency of management. This has been the subject of extensive discussion, and doubtless is a fundamental difficulty that raises doubt as to the desirability of rate restrictions. To meet this difficulty, also to give the company a share in the general prosperity of the community, the author urges that in addition to a fixed return upon investment, a percentage of gross receipts should be allowed, starting, say, with 15 per cent upon a gross income of \$10,000 a year, and grading down to 5 per cent upon a gross income of \$100,000,000. The objection to such an arrangement is that the percentage allowance would have no direct relation to management and would, therefore, serve only remotely as an incentive to efficiency. Personally, I believe that the desire for profit has been greatly exaggerated as a motive for efficiency in large industrial plants, but it doubtless is an important factor. In regulated enterprises, however, it ceases to a large extent to operate, and other forces must be relied upon and stimulated. While some sort of a bonus plan may be worth trying there are, in any event, grave difficulties of administration, so that the chances for success do not seem very great. Certainly there is no reason for giving a share either in gross or net earnings, if the indications are not clear that the return will serve as a direct stimulus to better enterprise.

JOHN BAUER.

Public Service Commission, New York City.

NEW BOOKS

ADAMS, H. C. *American railway accounting. A commentary.* (New York: Holt. 1918. Pp. x, 465. \$3.)

That the man who was in charge of the statistical and accounting work of the Interstate Commerce Commission from 1887 to 1911 and who played a part of inestimable value in the nation-wide symposium of 1907 to 1910, out of which American railway accounting emerged as a standardized system, should decide to publish a commentary on this subject is a source of much satisfaction to those who have long appreciated his work in the field of public service industries. In writing this book the purpose of the author has been to deal with the fundamental and more ultimately significant aspects of accounting entries and statements rather than to present a treatise on the practical management of a railway auditor's office. The book is divided into nine chapters and three appendices. Chapter one deals with the background and character of the task of the railway accountant. Chapter two considers the structure and classification of

a system of railway accounts. In chapters three and four are taken up respectively construction costs prior to operation and construction costs subsequent to operation and at this point is found a particularly interesting and valuable treatment of many mooted accounting problems. Among some of the more important questions for which the accepted accounting rules are explained are: whether cost measures investment, the basis of construction charges, interest and discount, depreciation during construction, treatment of renewals at increased prices, treatment of renewals by substitution of improved types, and abandoned property. The remaining five chapters are concerned with, in the order given, operating expenses, operating revenues, the income account, profit and loss accounts, and general balance sheet accounts. The three appendices consist of reprints of the rules promulgated by the Interstate Commerce Commission for the classification of investments in road and equipment; classification of operating revenues and operating expenses; and classification of income, profit and loss and balance sheet accounts. These classifications have been inserted primarily for the benefit of those in foreign lands who desire to learn what this country is doing as a help to the solution of their local problems.

Some may be disposed to criticise the book for not including within its scope a fairly complete treatise on the controversial side of accounts. Others may feel somewhat disappointed that the author did not see fit to indulge in reminiscences relative to the development of the present system, a matter which certainly called for unusual tact and personality in harmonizing the various interests that co-operated in constructing a uniform system of accounts. These possible slight criticisms are well answered by the author as follows: "It was my original purpose to write a book under the title *Railway Accounts; Their Abuses and Their Uses*. This purpose was modified because such a treatment of the subject would have been unduly controversial. . . . The controversial side of railway accounts carries with it too many independent interests to be covered by a book the chief aim of which is to explain accepted accounting rules, and by so doing to make clear what is meant by a scientific system of accounts."

MARTIN J. SHUGRUE.

ASPLEY, J. C. *What a salesman should know about advertising*. Pocket edition. (Chicago: Dartnell Corp. 1919. Pp. 112.)

BARTHOLOMEW, W. E. *Bookkeeping exercises*. (New York: Gregg Pub. Co. 1919.)

BASSET, W. R. *Accounting as an aid to business profits*. (New York: A. W. Shaw Co. 1918. Pp. xi, 316. \$5.)

This volume can best be explained by quoting a few sentences typical of its nature: "This book is not a treatise on accounting but is what the title connotes—an explanation of accounting and cost accounting for the business man and to the end that he may use his records to earn greater profits" (p. iii). "Some reader may find

that his particular variety of endeavor has not been touched upon by name, and may instantly exclaim, 'This is of no use to me, my business is different' " (p. iii). "Let me say that your business . . . is not different. . . . I can confidently assert that were it possible to include examples and forms in this volume to cover every possible variety of business, that this book would then be of no more use to you than it now is" (p. iv). "The statement of condition answered the question of the business man, 'Where am I at?' The statement of operation is the reply to 'How did I get there?'" (p. 200). "I have given no fixed principles, but examples instead—only to prevent the reader from imagining that one method might fit all cases" (p. 231).

S. E. H.

CASTENHOLTZ, W. B. *Auditing procedure*. (Chicago: LaSalle Extension Univ. 1918. Pp. ix, 342.)

The author states that the essential message of his book is to outline methods and procedure of actual practice. He offers a guide to the student and beginning practitioner. After describing very briefly the various kinds of audits and examinations he devotes more than one third of the book to discussing individually the different balance sheet accounts. And, though within this scope it is impossible to delve deeply into many of the accounting problems necessarily involved, the explanations of methods to be followed are definite and concrete. The author takes up next the audit of income accounts, expense accounts, the analysis of accounts, and the mechanical or detail side of an audit. He devotes about a third of the book to the audit of special business types and deals specifically with public service companies, railroads, electric roads, telephone companies, electric light and power companies, gas companies, water companies, financial institutions, insurance companies, publishers, timber companies, breweries, mines, department stores, textile mills—some twenty-eight types in all. Necessarily, many of these are treated in a very sketchy manner; nevertheless much useful information has been made available. The last part of the book takes up the auditor's report, working papers, and other general considerations.

M. J. S.

COFFIN, J. E. *Interest tables*. New liberty bond circulation edition. (Philadelphia: Winston. 1919. \$1.)

COLE, C. S. *Cattle loans and their value to investors*. Separate from the Yearbook of the Department of Agriculture, 1918, no. 764. (Washington: Supt. Docs. 1919. Pp. 10.)

CRAIG, W. L. *Sterling decimal coinage*. (Maryport, Eng.: The author. 1918. Pp. 47.)

DENHAM, R. S. *The A-B-C of cost engineering*. (Cleveland: Denham Cost-Finding Co. 1919. Pp. 19. \$1.)

DERRICK, P. E. *How to reduce selling costs.* (Garden City: Doubleday, Page. 1919. Pp. xix, 230.)

ELBOURNE, E. T. *Factory administration and accounts.* New edition. (New York: Longmans. 1919. Pp. xxiv, 672. \$15.)

FAIRCHILD, C. B., JR. *Training for the electric railway business.* (Philadelphia: Lippincott. 1919. Pp. 154. \$1.50.)

GALLOWAY, L. *Office management: its principles and practice.* (New York: Ronald. 1918. Pp. 701. \$6.)

This book is one of the best that has been published on the subject of the organization and administration of a modern business office. The chapters are grouped under seven principal divisions as follows: principles of office administration; location, layout, and equipment; methodizing means of communication; control of correspondence and other activities; the work of the business departments; the training and development of office workers; wages and incentives to efficiency. Written in an inspiring manner, this work should recommend itself as a valuable addition to the library of the student or business executive.

M. J. S.

GARRISON, E. E. *Accounting every business man should know.* (Garden City: Doubleday, Page. 1919. Pp. x, 214.)

JARVIS, W. H. *Railway stores methods and problems.* (London: Railway Gazette. 1918. Pp. 115. 4s.)

LILLY, W. *Individual and corporation mortgages.* (New York: Investment Bankers Association of America. 1918. Pp. 153.)

A brief and clear statement of the legal incidents of a mortgage. Part I deals with the individual mortgage and part II with the corporation mortgage.

MARSHALL, A. *Industry and trade: a study of industrial technique and business organizations; and of their influences on the conditions of various classes and nations.* (London: Macmillan. 1919.)

MARTIN, H. S. *The New York stock exchange.* (New York: F. E. Fitch, 47 Broad St. 1919. Pp. 277. \$1.)

MAY, I. A. *Street railway accounting. A manual of operating practice for electric railways.* (New York: Ronald. 1919. \$5.)

PICKERING, J. C. *Cost keeping for small metal mines.* (Washington: Bureau of Mines. 1919. Pp. 45.)

PIERSON, L. E. *Business problems of reconstruction.* (New York: Irving National Bank. 1919. Pp. 23.)

PIXLEY, F. W. *Auditors; their duties and responsibilities under the companies acts, partnership acts and acts relating to executors and trustees, and to private audits.* Eleventh edition. (New York: Pitman. 1919. Pp. 732.)

SCHULZE, J. W. *Office administration*. (New York: McGraw-Hill. 1919. Pp. xiii, 295.)

The subject-matter of this book is the presentation of the principles and methods which underlie efficient and economical office management. The author has wisely confined his treatise to a discussion of general methods, illustrating them with a few well chosen charts and diagrams instead of filling the book with a mass of forms and descriptions. Among the more important topics considered are: selecting office workers, training of office employees, establishing routine processes, office layout, standardizing, incentives, filing systems, and business correspondence.

M. J. S.

SPEARE, J. W. *Protecting the nation's money*. (Rochester, N. Y.: Todd Protectograph Co. 1918. Pp. 55. 75c.)

THOMAS, A. G. *Principles of government purchasing*. (New York: Appleton. 1919. Pp. xiii, 275. \$2.25.)

THORNE, W. V. S. *Hospital accounting and statistics*. (New York: Dutton. 1919. Pp. 119.)

TIPPER, HOTCHKISS, HOLLINGSWORTH, and PARSONS. *Advertising: its principles and practice*. (New York: Ronald. 1919. Pp. xv, 579. \$6.)

First edition was published in 1915. "Three years of actual test in the classroom and office have not led to any changes in the plan of the book or in the fundamental principles it presents." Contains additions and amplifications. There are six parts: I, The economic factors in advertising; II, The psychological factors in advertising; III, Advertising copy; IV, Advertising display; V, The physical factors in advertising; VI, Planning the campaign.

WILLIAMS, S. B. *Cutting central station costs*. (New York: McGraw-Hill. 1919. Pp. 322. \$2.)

Advanced course in electric utility accounting. (Chicago: National Electric Light Association. 1917-1919.)

Buildings, equipment, and supplies. (Chicago: Shaw. 1919. Pp. xviii, 193.)

Constitution of the New York stock exchange and resolutions adopted by the governing committee; with amendments to January, 1918. (New York: Searing & Moore Co., 24 Beaver St. 1918. Pp. 80.)

Economy in retail service. Experience of stores in which readjustments to war conditions have been made. (Washington: Commercial Economy Board of the Council of National Defense. 1918. Pp. 44.)

High yield tables of bond values, showing net returns from 6 to 15 per cent on bond and other redeemable securities paying interest semi-annually at the rates per annum of 4, 4 1-2, 5, 5 1-2, 6, 6 1-2, 7, 7 1-2, and 8 per cent, maturing in periods from 6 months to 30

- years, compiled according to formula of Montgomery Rollins.* (London: Routledge; Boston: Financial Pub. Co. 1919. Pp. 161.)
- Management and executive control.* (Chicago: Shaw. Pp. xviii, 328.)
- Management. A selected list of books in the St. Paul public library.* (St. Paul, Minn: Public Library. 1919. Pp. 11.)
- Prices of Brazilian government bonds during the last fifty years.* (New York: Imbrie & Co. 1919.)
- Proceedings of the seventh annual convention of the Investment Bankers Association of America, held December 9, 10, 11, 1918.* (Chicago: 111 West Monroe St. 1918. Pp. 299.)
- Contains reports of the several committees, including those on railroad securities (pp. 30-37); fraudulent advertising (pp. 62-72); irrigation securities (pp. 78-80); public service securities (pp. 118-136); government bonds (pp. 177-181). It also contains an address on the relations of the public and investors in utility enterprises. by Travis H. Whitney of the Public Service Commission, New York.
- Short-term bond yield charts.* Seven blueprints. (New York: Guaranty Trust Co. 1918.)
- Uniform cost accounting system.* (Seattle, Wash.: West Coast Lumbermen's Association. 1919. Pp. 214. \$25.)
- United States War Industries Board. An outline of the board's origin, functions, and organization.* Compiled as of November 10, 1918. (Washington: Supt. Docs. 1918. Pp. 52.)
- War emergency courses in employment management.* (Washington: Supt. Docs. 1919. Pp. 8.)

Labor and Labor Organizations

- The Arbitral Determination of Railway Wages.* By J. NOBLE STOCKETT, JR. Hart Schaffner and Marx Prize Essays, No. XXXVI. (Boston: Houghton Mifflin Company. 1918. Pp. xxv, 198. \$1.50.)

The clear analysis and excellent style of this little volume must always make it a matter of extreme regret that its author did not live long enough to make additional contributions to the literature of his chosen subject. He died in September, 1916, just after the award of his doctor's degree and his entrance upon academic duties at Dartmouth College.

Four general principles used in fixing wages for railway employees by government arbitration tribunals in the United States and Canada in connection with their hearing and determination of industrial disputes are reviewed in this volume. It must not be understood that the arbitration boards have always been guided

by one or more of these principles, or, indeed, by any principle, except that of expediency, in their decisions. As Dr. Stockett has said: "Arbitration, as it is now practiced, is merely mediation conducted under the guise of judicial procedure." It was in the hope of presenting "a reasonable principle of wages" to take the place of these compromises that this book was written.

1. *Standardization* of railway wages, *i.e.*, "the uniform application of a standard rate of pay for a given grade of employment within a certain area," has been most often advanced by railway employees on American and Canadian roads and has been the most influential factor in the settlement of wage disputes. At times standardization has been demanded for an entire railway system: at other times it has been claimed for all roads within a given district and, of late, the claim for *national* standardization has been advanced by the railway employees in the eastern part of the country. The employees always couple their demand for standardization with the demand that rates already in existence which are higher than the standard rate shall not be reduced.

The railroad managers object to standardization on the ground that wages should not be uniform where conditions are not uniform. The arbitration boards have nearly always granted system standardization, have varied in their attitude toward district standardization and have not yet given their approval to national standardization.

Dr. Stockett favored standardization on the practical ground that standard rates are the inevitable concomitant of collective bargaining.

2. *The living wage* as a principle for wage determination has frequently been put forward by the lower paid employees on the railroads and has not been objected to, *as a principle*, by the managements of the roads. The objections made have been on the ground that the wages already paid were as high as were paid for similar work on other roads or in other employments, or that the roads on which the demands were made were not doing a profitable business and could not, therefore, be expected to make any increase of wages. Arbitration boards have generally recognized the validity of the claim for a living wage but have frequently not granted the full amount asked for because of the unprofitable character of the roads' business. Dr. Stockett took the position that "an amount sufficient to secure a normal standard of living" should be allowed under all circumstances.

3. *The increased cost of living* has often during the past ten or twelve years been put forward by railway employees as a reason for demanding higher wages. The attorneys for the roads have sometimes objected to the principle itself, claiming that wages should be based on the value of the service, not on the cost of living. More often their objection has been that the evidence offered by the men as to the increase in the cost of living has been insufficient and they have also said that the roads' own "cost of living" has also increased and yet they are allowed no increase in rates wherewith to meet the demands of their employees. Arbitration boards in both the United States and Canada have usually recognized the increased cost of living as a valid claim for an increase of wages. Dr. Stockett admitted that the statistical evidence put forward by the men to support their claim that an increase in the cost of living had taken place was often unsatisfactory but he claimed that the principle itself was sound not only for the lower grades of workers but that corresponding advances should be made to the better paid employees in order to enable them to maintain their higher standards of living.

4. The principle of *increased productive efficiency as put forward* by the railway employees during the last ten or fifteen years has not been based so much on evidence of increased efficiency of the individual worker as on the advancing productive capacity of the train machine. The employees claim that "if the efficiency of the train machine is increased, the efficiency of those employees in any way connected with its operation is increased in a like degree." The managers of the roads have offered strenuous objections to this claim and have declared that "there is no tangible relation between the work of the employees and increased output." The arbitration tribunals have not as yet taken a definite position in regard to this matter but their tendency is, at present, to reject the employees' claim, except where the evidence shows that the increased productivity has been accompanied by increased labor, risk, or responsibility of the employees.

While admitting that the "specific productivity" theory offers no aid to the arbitrators as a means of adjusting the wages of railway employees and further admitting that "the claim that employees contribute to increased output resulting from the improved train machine is unsubstantiated," Dr. Stockett, nevertheless, argued that increased productive efficiency might present a basis for wage advances on the ground that "where profits are advanc-

ing as a result of the introduction of machinery, society may be benefited through a general advance in wages of labor attended with the least amount of friction between employers and employees and with the least chance of additional burden upon the public." It is evident that this is equivalent to saying that wages should be determined not by economic principles but by social expediency. The author further emphasized this way of looking at the problem when he later contended that inability of the industry to pay should not be allowed to affect wage advances and that wages should seldom, if ever, be reduced during periods of business depression.

Not alone students of the labor problem will profit from a study of this well written volume. Students of economic theory will find it valuable as a means of testing the validity and practicability of their theories when an attempt is made to apply them to the problem of wage determination.

M. B. HAMMOND.

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Unemployment and American Trade Unions. By D. P. SMELSER. (Baltimore: The Johns Hopkins Press. 1919. Pp. 154.)

Dr. Smelser makes a valuable contribution to the study of the problem of unemployment in this monograph dealing with the methods and policies of trade unions designed to provide employment and prevent idleness among their members. Up to the present, most students of the subject have treated the employment policies of trade unions in generalities only. When our public authorities begin to deal with unemployment seriously as a permanent industrial problem, the practice of American trade unions will be a better basis for action than any European experience, because organized labor will support no unemployment program that does not embody its main policies, if for no other reason. And a government program for dealing with unemployment, however well designed, cannot succeed without the support of organized labor.

Two main sources of information as to the extent and nature of unemployment among organized wage-earners are considered by the author: the statistics published by the states of Massachusetts and New York, and the returns gathered by trade unions themselves. The New York statistics show a percentage of unemployment more than double that of Massachusetts, and this is ex-

plained by the preponderance of seasonal trades in the New York returns. Unemployment statistics published by the New Hampshire Department of Labor are characterized as "practically valueless," and these are the only other unemployment statistics published by state bureaus the author has been able to find. The statistics collected by American trade unions are analyzed in detail and Dr. Smelser uses them for making deductions as to the volume and character of unemployment in some of the principal trades.

He seeks the trade-union theory of unemployment in the union "policies" which have as their object a solution of the problem of unemployment" and to this end "numerous union rules, regulations, customs and policies which bear some relation to unemployment" are explained and analyzed. "Unions generally regard the amount of work which is to be done as a fixed quantity." The restrictions placed by many unions on the admission of new members are explained on this theory. Some limit the number of apprentices, others make no attempt to organize those outside the union and many will grant non-members permits to work at the trade for specified periods when work is plentiful, but will not grant them membership cards. Policies of another kind cited as resulting from the same theory are, restriction of output, shortening the work day and regulation of overtime.

The local union as an employment bureau has been lauded by many writers, but few writers have taken the trouble to study its methods and its principles as a placement agency. Dr. Smelser shows that the national unions have given little consideration to this question but formally or informally the local unions do a great deal of placement work. Where a business agent is employed one of his main functions is to find jobs for members. In organized shops the representative of the union, known variously as shop chairman, collector or steward, is required to notify the union of vacancies and to see that union members fill them. Out of work lists are kept at union headquarters and reports of those out of work are made at union meetings. The author attempts "to show the superiority of the trade union over other existing employment bureaus as a means of connecting the unemployed with employers in need of them."

While the local unions handle local placement of members, national unions have concerned themselves with inter-local distribution of labor. Some unions have established what amounts to a

national employment bureau in their trade. Others distribute lists of opportunities for employment after they have tried to fill vacancies from lists of unemployed members sent in by the local unions. The journals published by national unions are also commonly used for distributing labor market information. A number of national unions pay traveling benefits or make loans to members desiring to seek employment in distant cities. All this work, however, is greatly interfered with by the disinclination of local unions to have outsiders come to the city to add to the local labor supply.

Besides distributing workers locally and nationally, unions have attempted to distribute work among their members during slack periods. They have adopted rules shortening hours or the number of work days per week or for alternate layoffs, all designed to spread the available work among as many members as possible. Some unions, on the contrary, have seniority rules which give the available work to older employees.

Finally, American unions have experimented with unemployment insurance, though to a very limited extent. "The systems generally have been well planned but poorly administered." The result is that local unions are frequently taking up collections for the benefit of needy unemployed members.

While Dr. Smelser's descriptions of trade-union activities in relation to unemployment are exhaustive, his conclusions may be much modified by studies of other materials than those that can be secured from trade-union sources. Other statistics of unemployment than those considered in the monograph, such as the manufacturing returns of the census and of various states as well as data published by the United States Bureau of Labor Statistics and the Ohio Industrial Commission, throw much light on the extent and character of unemployment among organized wage-earners. A study of the methods and principles of public employment bureaus the world over will hardly bear out the conclusion that union employment agencies are superior to the others. The rules, regulations and policies which the author ascribes to the "fixed amount of work" theory of unemployment may also be found to result from other causes than this theory, if the attitude of the unorganized workers toward restriction of output, "spoiling the job," and shortening the hours had been studied. These policies may be the instinctive reactions of all workers toward cer-

tain policies of labor management rather than the expression of any theory of unemployment.

WILLIAM M. LEISERSON.

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United States Department of Labor.

Industry and Humanity. By W. L. MACKENZIE KING. (Boston: Houghton Mifflin Company. 1918. Pp. 567. \$3.00.)

Dr. King brings to this study of the principles underlying industrial reconstruction an unusual preparation along both academic and practical lines. His experience as Minister of Labour in Canada and his connection with the Rockefeller Foundation together with travel and observation world-wide in extent should give unusual concreteness, vividness, and value to anything he might write on the labor question. One finds, however, a certain diffuseness of statement and indulgence in generalities, and at times an unconscious avoidance of the main issue. The shadow of the Great War hangs over the book and affords a text to be applied to industrial strife. The explanation that industrial disputes, like wars, are due to a certain blindness in human nature is true to a certain extent but is too simple to explain all the facts. Divergence of interest must be reckoned with also. Harmony of economic interests is not brought about by a phrase. Even a correct knowledge of facts does not lead men to perfection. Wars continue in spite of education. Germany, with twenty-one universities, looked upon war as a profitable undertaking. German Kultur and the German sword were to evangelize the world.

A recognition that glittering generalities are a snare and a delusion is shown on page 429; for in speaking of government in industry these words of Sir Edward Coke are quoted: "Was it ever known that general words were a sufficient satisfaction for general grievances? The King's answer is very gracious; but what is the law of the realm? that is the question. I put no diffidence in His Majesty; but the King must speak by record, and in particulars, and not in general." The same procedure is necessary in dealing with the relations between capital and labor. Political equality in citizenship and absolute monarchy or despotism in industry can not live together; but the concrete way, or ways, out is the question at issue.

Aside from these strictures the book is full of interesting facts and comments. A spiritual interpretation of life is put in the place

of a materialistic interpretation of the universe. According to Dr. King this order which implies ultimate perfection in human character, and consequently in all human relations, is alone consonant with a conception of Deity equal in scope and reasonableness to that accorded intelligence in "the universal cosmic order," which is the fundamental assumption of science. Several chapters are devoted to what is called the Laws of Peace, Work, and Health discovered and enunciated by Pasteur. The claim is made that these laws are not mere abstractions but that:

If, as concerns each of these three constituent features of what we may call the industrial agreement, we have regard for the Law of Peace, Work, and Health, or, in other words, for the principles underlying peace, work, and health in their bearing upon industrial standards we shall have all that is essential to consider, all, in fact, that broadly interpreted it is possible to consider with respect to industrial relations.

The principles underlying peace, it is said, are based on justice and mercy which imply discernment between material and human values, and a recognition of personality. The character of the representatives of both capital and labor is important. Difficulties cannot be settled nor can successful collective bargaining be brought about when there is an entire want of confidence in the character of individuals, or their ability to carry out pledges and to implement agreements. Mutual faith, goodwill, and confidence are necessary, for the personal element is an important one. The suggestion is made that the appointment of a personal representative by directors or by a corporation head to serve as a link between the management and employees is a necessary first step in the administration of justice and the supervision of labor policy. After a discussion of some clauses in Magna Charta, Dr. King continues: "Labor is entitled to its Magna Charta of industrial liberties. The more comprehensive the Charter is, the more explicitly its stipulations are worded; and the wider their application, the better for the peace of industry, and all that industrial peace makes possible." But what should these stipulations be? Conciliation, investigation, and arbitration have been tried and found workable in many instances. The war has evoked some machinery for the settlement of disputes. Industry, however, still lacks a code of governing rules and regulations to serve as a foundation for permanent peace.

In the chapter on Principles Underlying Work, the thesis is advanced that in the long process of the transformation of natural

resources into commodities and services available for use, labor, capital, management and the community are necessary at every stage and it is the right of all the parties to share progressively in increased productivity through advantages accruing to any one, because this is only a corollary of the right of each to share equitably in the output. Thus extra effort brings extra reward. But the opposition by labor to piece work and scientific management so-called is based on the fear of speeding up and cutting down of the rate. Profit sharing is regarded much in the same way as being made possible by keeping wages within a narrow margin and supplementing the same by dividends from profits. Coöperation has not gone very far in the field of production although quite successful in that of distribution. Profit sharing is applicable to a limited extent but is not a panacea.

The chapter on Principles Underlying Health brings out nothing especially new, but emphasizes the humanitarian aspect of the subject. Two chapters are devoted to Representation in Industry and Government in Industry respectively. It is said: "that form of government in Industry is best which doth actuate and dispose every part and member to the common good." But is the Round Table Conference, joint control, socialism, a system of national guilds, government ownership of only a part of industry, or voluntary coöperation the solution? The principle of the Round Table Conference in the plan of the Colorado Fuel and Iron Company is described at length in the final chapter. The claim is made that the plan must be regarded as something other than an experiment. The Whitley report is likewise described at length. How either scheme will work out time only can tell.

The book is well written, with a wealth of historical allusion, and is permeated with a broad humanitarian spirit. Dr. King, in this book (like some economists at times and most college professors all the time) is primarily a preacher, and his ideals and hopes for industry are at least good enough to come true.

GEORGE MILTON JANES.

University of North Dakota.

The Six Hour Day and Other Industrial Questions. By LORD LEVEEHULME. With an introduction by the RT. HON. VISCOUNT HALDANE OF CLOAN. Edited by STANLEY UNWIN. (London: George Allen and Unwin, Ltd.; New York: Henry Holt and Company. 1919. Pp. 344. \$3.50.)

While the main title of the book is the six-hour day, this subject is treated in two chapters specially written for this book, which cover only thirty-five pages, or but little over one tenth of the book. The remainder of the volume represents a collection of addresses delivered by Lord Leverhulme before a great variety of audiences, such as chambers of commerce, business associations, church gatherings, trade-union conferences, and meetings of his own employees.

Lord Leverhulme is the head of the great house of Lever Bros., Ltd., probably the largest soap manufacturers in the world, with branches all over the globe. Himself a most successful captain of industry, he is singularly free from the shallow notions and short-sighted views so widely held by the average "practical" employer of labor. As the title of the book implies, Lord Leverhulme is an ardent advocate of the six-hour day as the next step in industrial progress. His book is replete with apt illustrations from industrial history showing the progress made by society with each reduction in the hours of labor, as it has gone on from sixteen hours at the beginning of the nineteenth century to the present eight-hour day. "The employer-capitalist," says the author, "must get rid of his infatuation for the error that low wages and long hours of toil for the employee-worker mean cheaper production and consequently higher profits" (p. 11). The author is certain that "not only can we produce, when all ranks and all classes of both sexes are workers for six hours each day, for six days each week, all the ships, machinery, factories, houses, and goods we require both for home requirements and for exchange for raw materials through our export markets, but the houses can be built in beautiful garden suburbs; we can provide adequately for education, mental and physical and military training for national defense" (p. 18). He does not advocate the simultaneous adoption of the six-hour day throughout Great Britain, which he regards "absolutely impossible and impracticable" (p. 18). "It can only be adopted," in Lord Leverhulme's opinion, "in such industries in which it will give lowest costs of production by working machinery for longer hours and humanity in two or more shifts, for fewer hours" (p. 19). This can be done profitably in "all those industries in which the cost of production in overhead charges is equal in amount to the cost of wages." As in most industries the overhead is considerably higher than the wages total, such industries can adopt the six-hour, double shift day "with

enormous gains in cost of production, provided the supply of raw material and of labor is available and the demand for products exists" (p. 19).

By a simple illustration he demonstrates the profitability of the 72-hour week worked in two shifts of 36 hours each with the neatness and conclusiveness of a theorem in geometry. His illustrations show that even if the productivity of the worker per hour did not increase upon the substitution of the 36-hour for the 48-hour week, the cost of production per unit of product would not increase under the six-hour day owing to the spreading of the overhead costs over a longer period, 72 as against 48 hours. If, however, as may be expected from previous experience, the workers should produce as much in 36 hours as they did before in 48, the author shows a reduction in cost of production of 25 per cent (p. 20).

Most of the addresses of Lord Leverhulme are devoted to exploding economic fallacies which cling so tenaciously to the minds of employers and employees alike. To the former he never tires of reiterating that it is a "fallacy that the lower the wages and the longer the hours worked by labor, the lower the cost of production must be" (p. 117). His labor audiences are constantly reminded of the fact that "ca'canny" practice merely raises the cost of production thereby restricting consumption, reducing demand for labor and raising the cost of living which robs the worker of the benefit of the high wages won for him by trade unions. He does not share the average employer's fear of trade unions and of labor unrest.

The healthiest signs we have got today are labor unrest and all aspirations of labor (p. 274). Trade unions are absolutely necessary, but they might take just one little lesson from their predecessors, the guilds of the fifteenth century, and whilst determined as these guilds were in protecting their members in the maintenance of the standard wage, they should accompany that by an equally strong insistence upon a maximum efficiency in their members. By doing so the fund available for wages would again increase (p. 272).

He constantly refers to the wage fund. However, his wage fund is not the rigid entity of the classical economists but an elastic quantity which is determined by the workman's product.

Whatever increases the product, increases the fund out of which wages are paid . . . you cannot pay wages except from the fund from which wages are produced . . . and therefore every invention, every discovery, every machine, every improved organization, every increase in product, increases the fund available for wages (p. 266).

While vigorously combating socialism, he does not worship the wage system. Like the socialist, he regards it merely as a stage in the progress of society from savagery and slavery (pp. 67-68). But, "the wages system has broken down as a sole and only solution" (p. 117).

The author's solution is copartnership as he has developed it in his works. This insures to the worker participation in the profits of the business, and is "the only possible way of harmonizing capital and labor," and providing "both with the same outlook by dividing the profits their joint labor has created fairly and squarely between them" (p. 119). He believes in the widest measure of democratic representation of employees in the determination of conditions of employment, but holds that the ultimate control of the business must be left in the hands of those who must bear the losses (p. 69).

Economists, employers, and all those interested in the labor problem will find this a most readable volume, replete with information gathered from a rich storehouse of practical experience by an eminently successful captain of industry, reinforced by a close acquaintance with economic theory and industrial history.

N. I. STONE.

The Meaning of National Guilds. By MAURICE B. RECKITT and C. E. BECHHOFFER. (New York: The Macmillan Company. 1918. Pp. xvi, 452. \$2.50.)

Orthodox socialism is suffering at the hands of social revolutionists. The syndicalists leveled their guns against it some time since and now come the guild socialists who not only join in the attack but turn against the assailants as well. The stronghold of the guild exponents is England. The book under review represents an attempt to give a summary exposition of the guild idea which has recently found frequent expression in British periodicals and books.

The demand of the guildsmen is a demand for trade unionism plus; that is, trade unionism extended in personnel to include all the workers within an industry, extended in scope to include complete control over the productive process, and, as well, extended to include all industries that are "susceptible of Guild organization." The issue is thus clearly drawn as against state socialism. Nationalization of industry, it is charged, would merely mean a change of masters with a continuation of wage slavery and its necessary

counterpart of exclusion of the laborer from control over work conditions and work processes. "The spiritual subjection," "the debased status" of the workers, would continue, say our authors, under collectivism. "Putting industry into the hands of the politicians" is far different from "putting it into the hands of the people."

In their position as thus outlined, the guildsmen walk with the syndicalists, but their paths diverge here; the latter wish to abolish the political state and erect in its stead an Industrial Council while the former "are united in affirming absolutely their faith in the State as a legitimate and essential organ of society" although they would not entrust it "with the administration of production" nor allow it "to interfere in the self-government of the Guilds." "For industry to attempt to take over the control of the State is as intolerable as the attempt of the Collectivists to make the State the sole authority in industry. The Syndicalist State would be 'simply the Collectivist State standing on its head, and just as tyrannical in that position as it would be right end up'."

More in detail, the guild idea as here outlined, calls for the organization of national guilds in the various industries, each guild to have a monopoly control over its particular industry, and the various guilds to be represented in a guild congress. This congress is necessarily to have considerable power. It will have final authority as to the amount and kind of goods that each guild will undertake to produce and will determine the amount of capital that shall be provided yearly for the various guilds. "Disputes between Guilds must in the last resort be brought before the Guild Congress for settlement"; and also it is to be the repository of all money incomes derived by the various guilds from the sale of their products. This last provision is, by the way, designed to prevent any individual guild from "deliberately increasing its prices in order to increase its income" since the congress is to apportion the consumable income among the guilds on the basis of their numerical membership. Our authors seek to minimize the power of the congress by insisting that the local and district guild councils "by reason of their close contact with local industry, will tend to be the recognized centers of Guild life and authority," but from their discussion one is led to question how much less powerful such a congress would be than the Industrial Council of the Syndicalists. To say that "the State (through its Parliament) is to be the final

authority in all purely political affairs" does not take us far from the condemned position of the syndicalists.

While the guild system as outlined in this book is very impracticable, the guildsmen, in centering attention upon the rights and privileges of the producer, are *a priori* on much firmer ground than the socialists have been in their emphasis of the rights of consumers. Practically, too, the day seems to be with the guildsmen, as against the socialists, for although it is a far cry from the present industrial order to one of exclusive guild control, yet the organization of joint industrial councils in many industries in England and the steps taken toward the formation of a national industrial council, the rather extensive movement in management sharing here, and the general growth of trade unionism are all in line with the principal thesis of the guild advocates, while the experience during the war has seemingly told against rather than for government ownership and operation. It is interesting to note in this connection that the one urgent demand for the extension of government ownership in America is the demand of the trade unionists that the railroads be taken over—however, not to be operated by the government but by the railway workers. It is perhaps safe to predict that revolutionary thought will proceed along the line of control by the workers rather than of ownership by the state.

H. GORDON HAYES.

Yale University.

An Introduction to Trade Unionism. By G. D. H. COLE. (London: George Allen and Unwin, Ltd. 1918. Pp. 128. 6s.)

The Payment of Wages, A Study in Payment by Results Under the Wage System. By G. D. H. COLE. (London: George Allen and Unwin, Ltd. 1918. Pp. 155. 6s.)

These monographs are numbers four and five respectively of the Trade Union Series of the publications of The Fabian Research Department. In both the field is restricted to Great Britain, and in both the author frankly approaches all controverted questions of trade-union structure and policy from the standpoint of the National Guildsman. These books are written in the clear and interesting style that we have come to expect from Mr. Cole. Each contains valuable appendices.

The *Introduction to Trade Unionism* is an admirable survey in summary form of the British labor movement as it stood in June,

1918, on the side of structure and membership. The description is confined almost entirely to the external side of trade unionism, to such matters as the basis of organization, machinery of government, extent and distribution of membership and inter-union relations. Very little space is given to trade policies, and nearly all of this to methods of payment. There is nothing on apprenticeship or the closed shop, for example, and working rules are treated but incidentally. Collective bargaining is given three pages. The crying need of British labor at this time, as the author sees it, is to get all the workers organized on a proper basis. Naturally, then, his discussion runs to craft unionism, overlapping of organizations, jurisdictional disputes, the extension of organization among the unskilled and the supervisory and professional workers, and the lack of a single, all-inclusive organization that can speak for all unionists in the country.

What Mr. Cole has set out to do he has done remarkably well. No student of British Trade Unionism—or of American Trade Unionism, for that matter—should pass this little book by. To be sure, one who picks it up as an easy introduction to the literature on trade unionism is liable to emerge from the first forty-five pages on structure and government in the British trade-union world in some confusion of mind, but those who are prepared for the medley of organizations that characterizes the British labor movement, will find this a very helpful bulletin on the situation in 1918.

The *Payment of Wages*, is, as the author states, the first general book on the question of methods of wage-payment published in England since Schloss' *Methods of Industrial Remuneration*. Moreover, it is twenty years since the Webbs wrote, in *Industrial Democracy*, of the attitude of the British trade unions toward piece work. The author has not attempted a numerical estimate of the proportion of trade unionists working under the piece system, willingly and unwillingly, as the Webbs did, but he goes through the main occupational groups and gives us the systems under which they work and the attitude of their unions toward piece work and the various premium and bonus systems of payment. He finds that there has been a tendency toward a more widespread use of payment by results in the last two decades, particularly in the engineering trades. Payment by output rather than by time gained ground, of course, during the war.

The description of the systems of payment and the arguments for and against them run for the most part along lines familiar to students of these questions in America. Mr. Cole is in full sympathy with the objections usually put forward by trade unionists against premium and bonus systems and allied features of scientific management. He has, however, other objections to scientific management which he presents with freshness and vigor. Most important is the objection that "scientific management tends to make more impassable the gulf between labour and management." To a National Guildsman this is a capital charge. He also opposes flatly the notion that there is merit in a man's receiving wages proportional to his output. The only kind of piece or bonus system of payment which he looks upon with favor is that of "collective contract by the whole workshop for all jobs." Under this system all the workers in a shop bargain as a group with the employer for a price for each lot of work, accepting as a group the responsibility for the performance of the work, and attending themselves to the payment of individual wages. This plan of payment is acceptable because it is believed to be a step toward the control of industry by the workers, the goal on which Mr. Cole's eye is always fixed.

D. A. McCABE.

Princeton University.

NEW BOOKS

- BAUER, S. *Arbeiterschutz und Völkergemeinschaft*. (Zurich: Art. Institut Orell Füssli. 1918. Pp. 160. 7 fr.)
- BLOOMFIELD, D. *Selected articles on employment management*. (New York: H. W. Wilson Co. 1919. Pp. 475. \$1.80.)
- BRISSENDEN, P. F. *The I. W. W. A study of American syndicalism*. Columbia University studies in political science, vol. LXXXIII. (New York: Longmans. 1919. Pp. 432. \$4.00.)
- COLVIN, F. H. *Labor turnover, loyalty and output*. (New York: McGraw-Hill. 1919. Pp. x, 152. \$1.50.)
- COOKE, M. L. *An all-American basis for industry*. (New York: Taylor Society. 1919. Pp. 16.)
- FAY, A. H. *Quarry accidents in the United States during the calendar year 1917*. (Washington: Bureau of Mines. 1919. Pp. 62.)
- FINDLAY, J. J. *The young wage earner and the problem of his education*. (London: Sedgwick & Jackson. 1918. Pp. 211.)
- GOMPERS, S. *American labor and the war*. (New York: Doran. 1919. Pp. x, 377. \$1.75.)

HALL, H. J. *Bedside and wheel-chair occupations*. (New York: Red Cross Institute. 1919. Pp. 43.)

HOBSON, S. G. *Guild principles in war and peace*. (London: G. Bell & Sons. 1918. Pp. viii, 176. 2s. 6d.)

KELLOGG, P. U. and GLEASON, A. *British labor and the war. Reconstructors for a new world*. (New York: Boni & Liveright. 1919. Pp. viii, 504. \$2.)

British Labor and the Last Year of the War would be a more accurate title for this book, since unfortunately it devotes little space to the events occurring before Arthur Henderson's fateful trip to Russia in the summer of 1917. The interest which the book arouses is due to the story it tells rather than to any inherent merit of the work itself. It describes the resolute yet temperate way in which British labor has turned its back upon its old economic and political timidities and has resolved to create a new world. The chief function of the book is to give the basic documents in this development and to report in graphic fashion the conferences and congresses at which they were debated and adopted.

The authors show that the aims of British labor are both national and international in scope. The international program is best outlined in the well known document "Labor and the New Social Order" with its four pillars: (1) the creation and enforcement of a series of national minimums, (2) the democratic control of industry (largely through collectivism, though on this point there is likely to be a decided swing towards guild socialism), (3) the revolution in national finance, and (4) the socialization of the surplus wealth for the common good. To attain these ends, British labor has been pressing forward from the three wings of the labor movement; from the coöperative societies representing the organized consumers, from the trade unions, and from the Labour party itself. The international program was conceived in the midst of the war in the same spirit as that of President Wilson's fourteen points and was indeed more thoroughly worked out. The authors perform a real service in pointing out, what few Americans realize, that the chief support to the Wilsonian program in England and in allied countries came not from the upper classes but from organized labor.

PAUL H. DOUGLAS.

KUNHARDT, G. E. *Lawrence. A manufacturer's view*. (Lawrence. Mass.: George E. Kunhardt Corporation. 1919. Pp. 16.)

LAUCHHEIMER, M. H. *The labor law of Maryland*. Johns Hopkins University studies in historical and political science, series XXXVII, no. 2. (Baltimore: Johns Hopkins Press. 1919. Pp. 166.)

A local study which connects, however, the development of labor law in Maryland with the evolution of opinion in England and makes frequent comparisons with development of such legislation in other states of this country. The author associates this with the undercurrent of speculative political theory. Successive chapters

deal with workmen's compensation, conditions of employment, terms of employment, and the administrative system.

LINDSAY, S. McC., editor. *War labor policies and reconstruction. Proceedings of the Academy of Political Science in the City of New York*, vol. VIII, no. 2. (New York: The Academy. 1919. Pp. 224.)

Among twenty-five papers includes Women's invasion of industry and changes in protective standards, by Mary Van Kleeck; Women in the railroad service, by Pauline Goldmark; New scientific standards for protection of workers, by Alice Hamilton; Women in industry in England during the war, by Helen Fraser; Women in industry in France during the war, by Marguerite Bourat; Effect of federal control of railway labor, by W. S. Carter; Collective bargaining—the democracy of industry, by R. J. Caldwell; Standard of living as a basis of wage adjustment, by William F. Ogburn; The effect of war conditions on negro labor, by George Edmund Haynes; The rate of demobilization and the labor market, by W. H. Hamilton.

MORRIS, B. J. *Employment opportunities for handicapped men in the optical goods industry*. (New York: Red Cross Institute. 1919. Pp. 31.)

ODENCRANTZ, L. C. *Italian women in industry. A study of conditions in New York City*. (New York: Russell Sage Foundation. 1919. Pp. 345. \$1.50.)

Seven field workers under the competent direction of Miss Mary Van Kleeck spent eighteen months collecting the great mass of detailed information which has been brought together by Miss Oden- crantz in this elaborate portrayal of the life, during the period before the outbreak of the European war (1912-1913), of Italian wage- earning women in New York. Social and economic conditions have been changing rapidly since 1912, so that one feels tempted to regard the book as an extremely depressing chapter in American economic history—a chapter which throws light on the personal reactions and political theories of certain other foreigners who left New York with a grim determination to achieve a different social order in Russia.

The overcrowded homes, the poorly prepared, unguided entry into industries where the wages were low, or extremely precarious because of seasonal employment, the jealously guarded girlhood during which the pay envelope was turned unopened into the family coffers, the monotonous labor during the day and household tasks rather than recreation in the evening, the early marriage followed by the heavy burdens of a rapidly increasing family, whose wretched shelter and scanty food could not be provided without the wages which the mother earned by charring or sweat-shop labor, all are presented to us with the verisimilitude of a moving picture. There seems to be a certain naïve irony in the conclusions of the writer that: "A knowledge of English is, of course, but a first step on the way. It is the key by which the immigrant can understand our customs and ideals; but until social and industrial conditions which are beyond

his individual control have been bettered, so that in his own life he can reach some of our standards, his assimilation is incomplete" (292).
LUCILLE EAVES.

ROBINSON, C. S. *Representation for labor. An address before the National Conference of State Manufacturers' Association, St. Louis, Missouri, and the representation plan referred to therein.* (Youngstown, O.: The author. 1919. Pp. 38.)

Describes the labor representation plan recently put in operation in the Youngstown Sheet and Tube Company (pp. 25-38).

STODDARD, W. L. *The shop committee. A handbook for employer and employee.* (New York: Macmillan. 1919. Pp. 105. \$1.25.)

WOLFE, A. B. *Works committees and joint industrial councils.* (Philadelphia: United States Shipping Board Emergency Fleet Corporation, Industrial Relations Division. 1919. Pp. 254.)

This is a report made by the author to the head of the Industrial Relations Division, L. C. Marshall, under whose charge were conducted a wide range of activities having to do with the recruiting, training, safety, health, etc., of the working men in the shipyards and other plants doing work for the Emergency Fleet Corporation. Naturally the report is designed as a handbook or guide for executives and arbitrators in their efforts to maintain industrial peace in a great national emergency rather than as an exhaustive treatise for students of economic problems. Moreover, it is in the nature of a brief for works committees and joint industrial councils, stressing their advantage and giving little attention to possible disadvantages. A few adverse comments or criticisms are given, it is true, near the close of the work, under the caption "unfavorable opinions from firms that have no committees." Nevertheless, the work will be useful in academic work and may be regarded as a satisfactory addition to the rapidly growing literature in the field of labor problems.

The body of the report consists of a brief introduction and six chapters with fairly self-explanatory captions, as follows: I, The human factor in industry; II, Psychology, democracy, and efficiency; III, The Whitley committee recommendations; IV, Works committees; V, Works committees in the United States; and VI, Conclusions. There are also seven appendices which include a model constitution of a joint industrial council, examples of plans in operation in American establishments, and other valuable illustrative material. There is also a very useful bibliography.

C. W. DOTEN.

American Federation of Labor, Alabama branch, official yearbook and buyer's guide. Proceedings seventeenth annual convention. (Birmingham. 1918. Pp. 92.)

The eight-hour law, comprising the statutes, decisions of the attorney general, decisions of the courts and the executive orders suspending its provisions. (Washington: Supt. Docs. 1919. Pp. 102.)

Employment of women. Report of the Board of Trade on the increased employment of women during the war in the United Kingdom. With statistics up to April, 1918. (London: Wyman. 1919. 2d.)

How the government handled its labor problems during the war. (Washington: Bureau of Industrial Research, 1722 H St. N. W. 1919. Pp. 47. 25c.)

A description of the several organizations associated with the National Labor Administration, with notes on their personnel, functions, and policies.

The industrial replacement of men by women in the state of New York. (Albany: Dept. Labor. 1919. Pp. 69.)

Industrial councils. Industrial reports, no. 4. (London: Ministry of Labour. 1919. 1d.)

Labor and the war. American Federation of Labor and the labor movements of Europe and Latin America. (Washington: The Federation. 1918. Pp. 289. 50c.)

Contains extracts from the proceedings of the American Federation of Labor, 1914-1918, from the *American Federationist* and *Labor's Book of All Colors*.

Marine and dock labor. Work, wages, and industrial relations during the period of the war. Report of the director of the Marine and Dock Industrial Relations Division, United States Shipping Board. (Washington: Supt. Docs. 1919. Pp. 203.)

Part I deals with the adjustment of labor issues, part II with marine and dock labor, and part III with wage rates and working conditions. Different chapters discuss the American merchant marine during the war, the Shipping Board's relations with the various classes of marine and dock labor, the organization and function of the Industrial Relations Division, numbers and distribution of marine and dock employees, employers' associations, comparison of American and foreign wage rates with special reference to the Seaman's act, comparison of increases in wages with rise in the cost of living, and a comparison of marine and dock wages with those paid in land industries. The appendix contains copies of agreements, working rules, and wage awards.

Platform and plan of organization of the American labor party of greater New York, adopted at conference of trade unions, January, 1919. (New York: The Federation, 32 Union Sq. 1919. Pp. 15.)

The principles and practice of safety. A handbook for technical schools and universities. (Chicago: W. D. Keefer, National Safety Council, 166 N. Michigan Ave. 1919. Pp. 71.)

This is a serviceable summary for instructors engaged in preparing courses dealing with human engineering. A syllabus of lectures on the human side of engineering and industrial accidents and industrial management is included. There is also a bibliography of five pages and a list of outside speakers who are ready to be

drawn upon for special lectures. Copies of this pamphlet can be obtained on application.

A reconstruction labor policy. (Philadelphia: Am. Acad. Pol. & Soc. Sci. 1919. Pp. xxv, 211.)

Report of the American Federation of Labor council. (Washington: The Federation. 1919. Pp. 156.)

The Seattle general strike; an account of what happened in Seattle and especially in the Seattle labor movement, during the general strike, February, 1919. (Seattle, Wash.: Raymer's Old Book Store. 1919. Pp. 63. 25c.)

Sixth report of the citizens' committee on unemployment and the public employment bureau of Milwaukee to the common council, etc. (Milwaukee: Indus. Commission of Wis. 1919. Pp. 12.)

Training employees for better production. Training bulletin No. 4. (Washington: Supt. Docs. 1918. Pp. 29.)

The truth about the minimum wage. Definite ways for you to help. (Syracuse, N. Y.: Consumers' League, 405 Vinney Bldg. 1919. Pp. 19.)

Union scale of wages and hours of labor in Ohio on May 15, 1918. (Columbus, O.: Ohio Indus. Commission. 1918. Pp. 47.)

Works committees. Report of an enquiry made by the Ministry of Labour. Industrial reports, no. 2. (London: His Majesty's Stationery Office. 1918. Pp. 146. 6d.)

Money, Prices, Credit, and Banking

NEW BOOKS

BILLETER, H. *Le crédit foncier rural en Suisse, organisation actuelle, projets de réforme.* (Paris: Attinger. 1919. 6 fr.)

DESCHAMPS, H. *Les changes, traité, théorique et pratique.* (Vienna: Revue des Comptables. 1919. Pp. 260. 10 fr.)

FAYRE, J.-E. *L'évasion économique et la Banque de l'Union parisienne.* (Paris: Bibl. Financière. 1918. Pp. 270. 4.80 fr.)

FEUCHTWANGER, L. *Die Darlehnskassen des deutschen Reichs.* (Berlin: Cotta. 1918. Pp. 255.)

FOXWELL, H. S. *Papers on current finance.* (London: Macmillan. 1919. 10s.)

FREEMAN, C. M. *A bank's best asset.* (Washington: Federal Banking Service. 1919. Pp. 152.)

HODSON, C. *Money-lenders, license laws and the business of making small loans on unsecured notes, chattel mortgages, salary assignments.* (New York: Legal Reform Bureau. 1919. Pp. 128.)

JANNACONE, P. *Relazioni fra commercio internazionale, cambi esteri, e circolazione monetaria in Italia nel quarantesimo, 1871-1918.* (Torino: La Riforma Sociale. 1918. Pp. 82.)

LAUGHLIN, J. L. *Money and prices.* (New York: Scribners. 1919. \$2.50.)

LAVERGNE, B. *La Banque de l'Algérie, son activité générale et le renouvellement de son privilège. Le mécanisme de change franco-algérien.* (Paris: Tenin. 1919. Pp. 54. 2.50 fr.)

LEHFELDT, R. A. *Gold, prices, and the Witwatersrand.* (London: King. 1919. Pp. 130.)

The author of this little book is professor of economics at the South African School of Mines and Technology at Johannesburg. Logically the book divides itself into two parts. The first part, covering 78 pages, deals with the problem of world price levels in their relation to the supply of gold and the demand for gold, including a consideration of non-gold forms of money and circulating credit. Statistics, many of which are of necessity rather crude in character, are presented to substantiate the author's conclusion that the quantity theory of money is fundamentally sound as an explanation of world price movements. The chapter on the position of Witwatersrand—a district which now contributes over 40 per cent of the world's annual gold production—is particularly valuable as it deals with a subject concerning which the author has first-hand information.

An international agreement, operating through an international commission, is recommended for the regulation of the world's output of gold so as to stabilize world prices. So large a proportion of the world's gold production is now taking place within the territories of Great Britain and the United States that the author believes an agreement between these two countries alone would be sufficient.

E. W. K.

LEVY, E. *Exchange tables for converting dollars into francs and francs into dollars, at all rates from 5. to 5.79, thus covering both wartime and normal requirements.* (New York: Dutton. 1919. Pp. 40.)

LORENZEN, E. G. *The conflict of laws relating to bills and notes.* (New Haven: Yale Univ. Press. 1919. Pp. 337. \$5.)

LIEFMANN, R. *Die Geldvermehrung in Weltkrieg und die Beseitigung ihrer Folgen.* (Berlin: Deutsche Verlag Austalt. 1918. Pp. 199.)

MACKINTOSH, W. A. *Economic prices and the war.* Bulletin of the departments of history and political and economic science in Queen's University, Kingston, Ontario, Canada, no. 31. (Kingston. 1919. Pp. 15.)

MOORE, W. U. *The law of commercial paper.* (New York: Appleton. 1918. Pp. 309. \$2.)

A real need of the business student for a concise textbook on the subject of bills and notes is met in this book, which was prepared in the Extension Division of the University of Wisconsin. The author supports his general discussion of the subject by numerous quotations from leading cases as well as by summaries of cases. By this feature he brings before the reader illustrations of the practical working of negotiable instrument law in the business world. The book also contains a valuable appendix in which the text of the uniform negotiable instruments law as in force in Illinois and as adopted in a modified form in Wisconsin is set forth in full. The text follows the order of topics in the uniform act and contains numerous references to it.

P. W. VIESSELMAN.

OWEN, R. L. *The federal reserve act.* (New York: Harper. 1919. Pp. 107.)

OWEN, R. L. *Foreign exchange.* (New York: Harper. 1919. Pp. 79.)

Bankers' directory and bankers' register (with list of attorneys); bankers' blue book. (Chicago: Rand McNally. 1919. Pp. 2100. \$10.)

Banking service for foreign trade. (New York: Guaranty Trust Co. 1919. Pp. 15.)

Fifth annual report of the Federal Reserve Board covering operations for the year 1918. (Washington: Supt. Docs. 1919. Pp. 913.)

A handbook of finance and trade with South America. (New York: National City Bank. 1919. Pp. 51.)

A useful summary of the various documents connected with the opening of commercial credits and the use of drafts, bills of lading, etc.

How business with foreign countries is financed. (New York: Guaranty Trust Co. 1919. Pp. 55.)

Contains some twenty forms—acceptances, drafts, bills of lading, consular invoices, and export and import letters of credit.

Thrift and savings. A selected bibliography. Bulletin of the Russell Sage Foundation Library, no. 34. (New York: Russell Sage Foundation. 1919. Pp. 3.)

The Wheeler system of banking and industrial credit. (Washington: Wheeler Banking-System and Industrial-Credit Assoc., 1214 New York Ave. 1919. 50c.)

Public Finance, Taxation, and Tariff

The Problem of a National Budget. By WILLIAM FRANKLIN WILLOUGHBY. Studies in Administration, Institute for Government Research. (New York: D. Appleton and Company. 1918. Pp. xiii, 220. \$2.75.)

The Movement for Budgetary Reform in the States. By WILLIAM FRANKLIN WILLOUGHBY. Studies in Administration, Institute for Government Research. (New York: D. Appleton and Company. 1918. Pp. xi, 254. \$2.75.)

These two books are parts of the series of studies in administration undertaken by the author and other investigators under the auspices of the Institute for Government Research. Studies of the British system of financial administration and of the Canadian budgetary system as well as the translation of Stourm's *Le Budget* have already been published. The two books under review deal with the same general subject: the adaptation of scientific budget making to the American system of political organization in which the legislative and executive functions are exercised by independent and separate groups of officers. Although *The Problem of a National Budget* deals primarily with the problem of adaptation in the national government, the author has not limited the treatment narrowly. The first three and the seventh chapters, which treat of the nature and functions of the budget, legislative action on the budget, and specialized *versus* lump-sum appropriations, contain an excellent exposition of general principles. The author has not, of course, attempted a general treatise on the subject of budgets and therefore many questions such as the relation of the budget to constitutional government are only considered briefly in connection with special problems. Much of the discussion in this volume has previously been published in journals. As a result there is a certain amount of repetition and a slight lack of general coherence between the different chapters.

The volume on budgetary reform in the states is largely a report with comment on the progress made by the various states in attempting to secure greater economy in the appropriation and expenditure of public revenues. The reader is specifically referred to the work first cited for discussion of general principles.

One may well conclude after reading Stourm's first chapter that attempts to define the term "budget" are not likely to prove profitable, so diverse are the definitions that have been set up by writers on public finance. Nevertheless we find in *The Problem of a National Budget* a new variant. For Mr. Willoughby the budget is at once a comprehensive report of finances and a complete work program covering all the operations of government. It is a mistake, in his judgment, to include in the concept of the budget the revenue and appropriation acts. The latter are essentially legis-

lative functions while the budget should be formulated by the executive. When so formulated it furnishes an excellent means of insuring executive responsibility. On the other hand, the existing practice of allowing separate committees of the House to bring in the appropriation bills results in dispersion of responsibility, hampers administration, and conduces to waste and inefficiency.

Subject to the restrictions implied in his definition, the author is an advocate of the executive budget. He recognizes, however, that: "Whatever may be the theoretical correctness of complete concentration of appropriating power in the hands of the executive, it is of course clear that the complete relinquishment by the legislature [Congress] of the power of modifying budget proposals belongs in the realm of the future" (p. 42). But no such relinquishment is required for the accomplishment of the fundamental reforms necessary to introduce order, responsibility, and a measure of economy. The first requisite is the substitution of a balanced, comprehensive financial report for the Book of Estimates now compiled and transmitted to Congress by the Secretary of the Treasury. Accompanied by documents containing data of expenditure so arranged as to show the cost of government by organization units, by funds, by activities, and by character and object of expenditure, such a report would be a distinct step in advance, even if reform went no further. It is of course desirable that this report should come to Congress as a message from the President. But in order that the chief executive shall be able to submit a complete budget accompanied by the necessary supporting documents he must have the aid of "an organ of general administration," a commission, whose duty it should be "to prescribe the system of accounting and reporting that shall be employed by all services of the government, to receive the reports as rendered, compile them and analyze their contents in such form that the chief executive can currently keep in touch with the conduct of administrative affairs, to prescribe the manner and form in which estimates shall be submitted and to compile such data for budgetary purposes" (p. 33). Moreover, the commission should be charged with the duty of standardizing personnel and administrative practices. In short, it should act as assistant to the President in all purely administrative matters. Obviously, it would be superior to the departments. The establishment of such an organ of administration the author regards as the second requisite for the introduction of a budget system.

Although it is asserted that the commission would have nothing to do with the actual performance of the work of government, the probable relations between it and the cabinet officers are not discussed. It would apparently have more power than the British Treasury, since the latter has only a very limited supervision over the two great spending departments, Admiralty and War.

The third step in the establishment of a budget system should be the centralization of authority over appropriations, and perhaps revenues, in a single budget committee of the House of Representatives. Preferably this committee should be made up of the chairmen of the standing committees having to do with legislation for the various departments. If so, the latter committees should be so reorganized as to correlate more closely with the administrative departments. The centralization of power that would accompany the creation of the budget committee does not alarm the author, partly, it may be inferred, because he is a believer in centralization as a matter of principle, and partly because concentration of power would work definiteness of responsibility. Budget procedure in the two houses cannot be coördinated by any single obvious method. A joint committee or parallel organization might succeed. The former is favored. To the reviewer it appears that none of these mechanical devices is likely to insure success until a majority of both houses shall have accepted unreservedly the practice of preferring nation-wide benefits and economy to local advantage and easy-going methods in public business.

A further desirable innovation is the utilization of the principle of the holding corporation by Congress for the control of such industrial undertakings as the Panama Canal and the Postal Service. The heads of these services should be required to submit their working programs to Congress for approval or modification. Once these programs have been acted upon the administrative heads should be allowed to proceed with considerable freedom in the actual conduct of the services for which they are responsible. In this way Congress could divest itself of a considerable burden of detailed legislation without relinquishing final control and at the same time the administration would secure greater freedom of action.

The volume is concluded by an argument for the creation of a national commission on the budget. This is the immediate need and the next important step in the establishment of a national budget system. Most of the technical details necessary for the

improvement of financial administration, such as the installation of systems of accounts and reports, must be worked out by some such body whether an executive or a legislative budget shall be adopted. The facts necessary for the determination of the kind of budget system to be adopted must be collected and presented in usable form. For this work a commission composed partly of members of Congress and partly of representatives of the administrative branch is most likely to present a workable scheme.

The major portion of the text of *The Movement for Budgetary Reform in The States* is devoted to excerpts from state constitutions and statutes. Comment and criticism of the measures adopted in the various states accompany the excerpts. A comparative analysis and general summary of the legislation thus far enacted occupies the last three chapters. A surprising amount of progress toward the adoption of good budgetary practices has been made. In twenty-five states provision has been made for the submission to the legislature of estimates in compiled form; in eleven the governor is required to prepare the budget; and in four, Delaware, Maryland, New Mexico, and Utah, he is required to accompany this report with a budget bill. In the last three the action of the legislature is restricted to the elimination or reduction of the appropriation items in the bill presented by the governor. Subsequent to the passage of this bill the legislature may, if it sees fit, pass supplementary appropriations. Encouraging as are these laws they must not be over-valued. In few if any instances have all the steps been taken that are necessary to insure correct financial administration. The problem is complicated by the general dispersion of administrative responsibility among a number of elective officers. The governor is not at the head of an integrated system. Moreover, it must be remembered, correct practices are the product not only of model laws but also of capable execution of the laws. Without good accounting, adequate reports, etc., the passage of budget laws cannot be completely successful.

Both books are provided with valuable bibliographies and both contain reprints of certain important reports in the appendices. The volume on the problem in the states should prove very useful to members of state legislatures and budget commissions.

F. B. GARVER.

Leland Stanford University.

NEW BOOKS

ALLEN, J. E. *The war debt and how to meet it.* (London: Methuen. 1919. Pp. 157. 5s.)

BERNIS, F. *La hacienda española. Los impuestos.* (Barcelona: Editorial Minerva. 1919. Pp. 360.)

BIDWELL, F. D. *Taxation in New York state.* (Albany: The author. 1918. Pp. 801.)

BOCQUET, L. *L'impôt sur le revenu, cédulaire et général.* (Paris: Sirey. 1919. 14 fr.)

CHASSELL, E. D. and ROBINS, K. N., compilers. *The case for and against tax exemption of United States government bonds and federal farm loan bonds.* (Chicago: Farm Mortgage Bankers Association of America. 1919. Pp. 38.)

CHARRIAUT et HACAULT. *La liquidation financière de la guerre. Une mise au point. Un projet.* (Paris: Alcan. 1919. Pp. 96. 2 fr.)

Discusses how Germany can make indemnity and the need of an inter-allied loan.

DAVENPORT, E. H. *Parliament and the taxpayer.* (London: King. 1919. 6s.)

EDGEWORTH, F. Y. *A levy on capital for the discharge of debt.* (New York: Oxford Univ. Press. 1919. Pp. 32. 45c.)

A lecture delivered at Oxford University. Author reviews the arguments, pro and con, and concludes that England should hold itself in readiness to adopt a levy on capital, but that it should not initiate the scheme until after further observation and reflection.

FÉNOLHAC, G. *L'évolution de l'impôt progressif en matière de taxes successorales.* (Paris: Rousseau. 1919. Pp. 255.)

FISK, H. E. *Our public debt.* (New York: Bankers Trust Co. 1919. Pp. 126.)

The author has made an original study by going back to official and original sources. In the latter part of the volume are tables of liberty bonds and note values, prepared by J. S. Thompson, assistant actuary of the Mutual Life Insurance Company.

GRAY, J. McI. *State taxation of railroads under government ownership or operation.* (Brooklyn, N. Y.: Palmetto Press, 330 Fulton St. 1918. Pp. 24.)

HERKNER, H. *Die Neuordnung der Deutschen Finanzwirtschaft.* (Munich: Duncker & Humblot. 1918. Pp. vii, 345.)

HORNELL, O. C. *Sources of municipal revenue in Maine.* (Brunswick, Maine: Bowdoin College Bulletin. 1918. Pp. 86.)

HUBBELL, C. H. *A story of the income tax, an aid to the application of the 1919 revenue act, February 1911.* (Cleveland: First National Bank, 1919. Pp. 115.)

HUGUES, P.-E. *Un impôt sur le revenu sous la révolution*. (Paris: Champion. 1919. Pp. lxxvii, 328. 8 fr.)

KAHN, O. H. *Taxation*. (New York: The author, 52 William St. 1919. Pp. 22.)

KIX MILLER, W. *United States income and war tax guide, law of 1919*. (Chicago: Commerce Clearinghouse. 1919. Pp. 124.)

LAGAILLARDE, J. *Les nouvelles taxes sur les paiements et le nouveau droit proportionnel sur les effets négociables ou de commerce*. (Paris: Giard & Brière. 1919. 6 fr.)

LEVINE, L. *The taxation of mines in Montana*. (New York: Huebsch. 1919. Pp. 141.)

MARION, M. *Histoire financière de la France depuis 1715*. (Paris: Rousseau. 1919. 12.50 fr.)

MICHELSON, A. *Le problème des finances publiques après la guerre*. (Paris: Payot. 1919. Pp. 430. 15 fr.)

MILLER, F. *Do you pay excess profits duty?* (London: Allen & Unwin. 1919. Pp. 34. 1s.)

MONTGOMERY, R. H. *Supplement to income tax procedure, 1919*. (New York: Ronald. 1919. Pp. 981-1287. Not sold separately.)

In the June number of the *AMERICAN ECONOMIC REVIEW* (p. 354) there appeared a review of Montgomery's *Income Tax Procedure, 1919*. In that review mention was made of a promised supplement not at that time available. This has now been received. It contains the necessary amendments and more particularly additions based upon the new and liberal rulings of the department. The changes in the rulings are discussed with the same clearness and precision that characterize the main volume. For easy reference the corresponding subjects in the main volume are indicated page by page. This method lessens as far as is possible the inconvenience caused by the frequent changes in the law and in its interpretation. An excellent feature of the supplement is the reprinting of the official forms for the returns.

Correction: In the original review of Montgomery's volume the phrase "net realized money income" was misprinted as "net railroad money income."

C. C. P.

NEYMARCK, A. *Les milliards de la guerre*. (Nancy: Berger-Levrault. 1918. Pp. 32. 4 fr.)

NICHOLSON, J. S. *War finance*. Second edition, with three additional chapters. (London: King. 1919. 12s. 6d.)

RAIGA, E. *Les finances et le régime fiscal de guerre de l'Angleterre*. (Paris: Berger-Levrault. 1919. 2 fr.)

ROBERTSON, J. M. *The new tariffism*. (London: Allen & Unwin. 1918. Pp. 63. 2s. 6d.)

SALMON, E. *La guerre et les finances de la France*. (Paris: Tenin. 1918. 3 fr.)

SOWARD, A. W. and WILLIAM, W. E. *The taxation of capital*. (London: Waterlow & Sons. 1919. Pp. xvi, 408. 18s. 6d.)

STILLWELL, A. E. *How to reduce your income tax by liberty currency*. (London: Hodder & Stoughton. 1918. Pp. 70. 1s. 3d.)

THUM, W. *Untaxing the consumer. Interwoven problems*. (Pasadena, Cal.: Grant Press. 1918. Pp. iii, 97.)

WOODRUFF, C. R. *A new municipal program*. (New York: Appleton. 1919. Pp. x, 392. \$2.25.)

Contains chapters on the franchise policy of the new municipal program, by D. F. Wilcox, and financial provisions of the new municipal program, by John A. Fairlie.

YOUNG, A. N. *Finances of the Federal District of Mexico*. A report to the Commission on the Administrative and Financial Reorganization of the Republic of Mexico. (Published by the Government of Mexico. 1918. Pp. 71.)

This is one of a series of studies on the finances of different parts of the government in Mexico. The Federal District is to Mexico very roughly what the District of Columbia is to the United States. It contains besides the great City of Mexico a dozen other municipalities. The problems presented to Dr. Young arise from the shifting back and forth of the functions of the district on the one hand and of the cities in the district on the other hand. The district proper is financed through the central treasury of the Republic. The main problems seem to be to obtain sufficient revenues and to provide more elasticity. An interesting proposal is to change the basis of the land tax, the predial tax, from the traditional one of rental value to selling value. One may well wonder how that will fit in with the prejudices and principles of a people whose ideas on taxation come down from Spain. The statement of the existing system is very brief and the recommendations are not argued at great length.

CARL C. PLEHN.

Assets and exchequer balances, 1875 to 1917-18. (London: King. 1919. 6d.)

Federal capital stock tax under the revenue act of 1918, regulations of the Treasury Department, no. 50. (New York: Guaranty Trust Co. 1919. Pp. 44.)

Handy-digest federal income tax, for individuals, partnerships and fiduciaries. 1919 edition. (Baltimore, Md.: Alexander Brown & Sons. 1919. Pp. 69.)

The income tax on individuals. Second edition. (New York: Brown Brothers & Co. 1919. Pp. 63.)

- Income tax law; analysis and comment.* Fifth edition. (New York: Harris, Forbes & Co. 1919. Pp. 7.)
- The Corporation Trust Company's war tax service, containing title III, war-profits and excess-profits tax law, and other titles covering special tax levies, including capital stock tax on corporations law, etc.* (New York: Corporation Trust Co. 1919. Pp. 297.)
- The lot and block method for describing property for taxation purposes.* (Detroit: Bureau of Governmental Research. 1919. Pp. 8.)
- Philadelphia charter committee. Report of the subcommittee regarding measures needed for the improvement of the government of the city and county of Philadelphia together with drafts of bills prepared for introduction into the legislature.* (Philadelphia: Bureau of Municipal Research. 1919. Pp. 120.)
- Public finance. National expenditure committee, session 1918, reports with evidence and index.* (London: King. 1919. 2s. 6d.)
- The new revenue law, revenue act of 1918.* (New York: Guaranty Trust Co. 1919. Pp. 223.)
- Practical questions and answers. Federal tax laws affecting individuals, partnerships, and corporations.* (New York: Irving National Bank. 1919.)
- Standard manual of the income tax, 1919.* (New York: Standard Statistics Co. 1919. Pp. 1379. \$5.)
- A story of the income tax, an aid to the application of the 1919 revenue act.* (Cleveland, O.: First National Bank. 1919. Pp. 115.)
- Tax on personal incomes, state of New York. Chapter 627, laws of New York 119, approved May 14, 1919.* (New York: Guaranty Trust Co. 1919. Pp. 43.)
- United States governmental war loans: a complete description of the original and converted issues of liberty bonds.* (New York: National City Co. 1918.)
- Victory and other liberty loan acts; with excerpts from other acts of Congress concerning the public debt.* (New York: Bankers Trust Co. 1919. Pp. 83.)

Population and Migration

NEW BOOKS

- EASTMAN, P. R. *The relation of parental nativity to the infant mortality of New York state.* Reprinted from the *American Journal of Diseases of Children*. (Chicago: American Medical Assoc. 1919. Pp. 19.)
- GULICK, S. L. *A comprehensive immigration policy and progress.* (New York: The author, 105 East 22nd St. 1918. Pp. 22.)

LOURBET, J. *Les grandes villes et le progrès.* (Saint-Girons, Ariège: Le Flambeau. 1918. 5 fr.)

Annual report of the Commissioner General of Immigration to the Secretary of Labor. Fiscal year ended June 30, 1918. (Washington: U. S. Dept. Labor. 1918. Pp. 322.)

El problema de la emigración. (Madrid: Consejo Superior de Emigración. 1918. Pp. 103.)

Social Problems and Reforms

NEW BOOKS

BASCOM, F. L. and others. *Child welfare; selected list of books and pamphlets.* (Chicago: American Medical Assoc. 1919. Pp. 40.)

BATTEN, S. Z. *The new world order.* (Philadelphia: American Baptist Publication Society. 1919. Pp. 175. 50c.)

A brief analysis is here presented of the conditions that determine social welfare and progress, and the fundamental determinants of successful reconstruction of the present social order are outlined. The major assumption is that the world war represents the passing of the old order and the dawn of a new era. The author is convinced that the present social structure is generally discredited and that there must be provided a new basis for social, economic, and political relations. To this end he endeavors to discover the forces that must build the structure of the new world order, and to formulate a program of reforms that will usher it in.

Emphasis is placed on the strife and inequality that are inevitable under the existing order. There must be diligent search for the causes of the ills that infest society—crime, disease, poverty, industrial strife, corruption, and international conflict. Much of the maladjustment is due to the prevalence of the motive of self-interest and the philosophy of individualism. Conflict of interests must give way to coöperation; profit-seeking to the ideal of service in individual and social effort. Democratization of industry and socialization of national resources and public utilities are necessary in the interest of the total life of the nation. Social ownership and operation or complete social control are alternatives suggested to safeguard the welfare of society.

As a guarantee of permanent peace the author believes "world federation," with an international parliament, tribunal, and police force, far superior to "national individualism," "imperialistic groups," or "world dominion." Moreover, this world federation must be Christianized.

The book adds little to existing literature on reconstruction in social, industrial, and political relations. Its greatest value lies in the religious approach to the important issues of the readjustment era.

GORDON S. WATKINS.

CARLISLE, C. L. *The causes of dependency. Based on a survey of Oneida county.* Eugenics and social welfare bulletin, no. XV. (Albany: N. Y. State Board of Charities. 1919. Pp. 465.)

CARVER, T. N. *War thrift.* Carnegie Endowment for International Peace. Preliminary economic studies of the war, no. 10. (New York: Oxford Univ. Press. 1919. Pp. 68.)

The several chapters discuss the meaning and function of thrift; the place of luxury in national economy; the relation of thrift to war economy; the relation of war thrift to reconstruction after the war; compulsory thrift; the opposition to war thrift; the grounds of opposition. In chapter 6 the author gives an account of the refusal of newspapers in Boston to publish advertisements containing certain extracts from writings of President Wilson, Secretary McAdoo, and Mr. Vanderlip, appealing for economy in expenditure.

COLCORD, J. C. *Broken homes. A study of family desertion and its social treatment.* (New York: Russell Sage Foundation. 1919. Pp. 207. 75c.)

CURTIS, F. R. *The libraries of the American state and national institutions for defectives, dependents, and delinquents.* Studies in social science, no. 13. (Minneapolis: Univ. of Minn. 1918. Pp. iv, 56. 50c.)

DOBBS, A. E. *Education and social movements, 1700-1850.* (New York: Longmans. 1919. 10s. 6d.)

FLINT, E. M. *Health conditions and health service in Saint Paul.* (St. Paul: Amherst H. Wilder Charity. 1919. Pp. 103.)

This report is the outcome of defective conditions of sanitation as disclosed by previous investigation of the Housing Survey. Successive chapters deal with vital statistics, sanitation, health agencies, food inspection, and inspection work in schools.

FLINT, G. E. *The whole truth about alcohol.* (New York: Macmillan. 1919. Pp. xii, 294.)

GARVIN, J. L. *The economic foundations of peace: or world partnership as the truer basis of the League of Nations.* (New York: Macmillan. 1919. Pp. xxiv, 574. \$3.25.)

HALL, F. S. and BROOKE, E. W. *American marriage laws in their social aspects.* (New York: Russell Sage Foundation. 1919. Pp. 132. \$1.)

HALLIDAY, S. L. *Guide posts on the road to health. A list of books.* (New York: Municipal Reference Library. 1919. Pp. 310.)

HARRIS, G. *The redemption of the disabled.* (New York: Appleton. 1919. Pp. xxvi, 318. \$2.)

This book is a general non-technical presentation of the plans that have been evolved in the principal warring nations for rehabilitating disabled soldiers. Written by an official of the Federal Board for Vocational Education, it comes with force, authority, and the benefit

of the special investigations conducted by the board. The author reviews and condemns the now well known wastage and shortcomings of the pension system and develops the philosophy of the new movement for the physical reconstruction and reëducation of the disabled. Rehabilitation has become a social obligation. It is needed to develop the self-respect, healthy egoism, and independence which men need to become useful citizens. In this scheme compensation is a factor, charity is rejected, and the removal of disability is made the prime consideration.

The book contains chapters outlining the rehabilitation program developed in Belgium, France, Great Britain, Germany, Austria-Hungary, Italy, Canada and other British possessions. In most of these countries the duty of the government to carry on and to perfect the work was at once recognized. Old philosophies were overthrown in face of the new need, but in Germany where governmental function has long been emphasized the work has been largely that of private endeavor. The American program is particularly conspicuous in its inclusion of the feature providing for insurance against death and total disability. Nearly every soldier was insured, the average policy amounting to \$9,300. The vocational rehabilitation law, providing the machinery for reclamation, is now in motion, and the disabled are being trained.

The majority of the disabled are not objectively cripples. They suffer from weaknesses which handicap them, and the handicaps are usually not absolute but relative only to particular employments. Whatever one may say of the author's English there is no doubt of the meaning of his statement that the one-legged man is incapacitated for two-legged pursuits, but when one surveys the field of industrial occupations he finds the number of two-legged pursuits surprisingly small. Suitable occupations are being discovered for disabled men, and the training is not confined to the manual trades but all careers are open, the decisive points being their welfare, usefulness, and happiness. Occupational therapy and adaptation of the training to individuals receive attention and the book discusses the problem of replacement and after-care. Organized labor has been sympathetic and helpful and employers have also been favorable. The author believes that public service will furnish an important field for the men. The record of success achieved by many individuals indicates that there will be a wide range of employments open to them.

The author pleads for a sensible viewpoint on the part of the home community to which the disabled man will return. Public sentiment should condemn idleness and parasitism and should stimulate intelligent interest in the men. Our industrial cripples are also a serious problem and for them education must be planned similar to that given the soldiers.

The book reports the probable losses in killed and wounded incurred by the various countries. It also contains twenty illustrations dealing with reëducation or subsequent industrial achievement.

GEORGE B. MANGOLD.

HART, H. H. *Social problems in Alabama. A study of the social institutions and agencies of the state of Alabama as related to its war activities.* (New York: Russell Sage Foundation. 1918. Pp. 87.)

HOFFMAN, F. L. *A plan for a more effective federal and state health administration.* (Newark, N. J.: Prudential Life Ins. Co. 1919. Pp. 87.)

LAVELL, C. F. *Reconstruction and national life.* (New York: Macmillan. 1919. Pp. x, 193. \$1.60.)

LEWIS, H. E. *Rural school and the community.* (Boston: Gorham Press. 1919.)

LINGLE, MRS. T. W. *Studies in the social and industrial condition of women as affected by the war.* (Chapel Hill, N. C.: Univ. of North Carolina. Pp. 19. 25c.)

MASSIN, P. *Une réforme successorale. Pour protéger nos enfants. Pour repeupler la France. Pour diminuer nos impôts.* Second edition. (Paris: Tenin. 1918. 3.50.)

MENGE, E. J. *Backgrounds for social workers.* (Boston: Badger. 1918. Pp. 214. \$1.50.)

This book, by the professor of biology at the University of Dallas, is put together with the evident purpose of explaining and upholding the Catholic point of view on matters pertaining to marriage and divorce, the family, eugenics, and the like. Three historical chapters on the family are of interest, as a Catholic reading of history. A long chapter is devoted to the usual Catholic arguments against birth control.

A. B. W.

MILLER, L. D. *The charities directory; a reference book of social service in or available for greater New York.* Twenty-eighth edition. (New York: Charity Organization Society. 1919. \$1.)

PALMER, G. H. *Altruism.* (New York: Scribner. 1919. \$1.25.)

PARADISE, V. I. *Maternity care and the welfare of young children in a homesteading county in Montana.* Rural child welfare series, no. 3. Bureau publication no. 34. (Washington: Children's Bureau. 1919. Pp. 98.)

The distressing conditions revealed by this report have by most people been considered a thing of the past. The bureau finds much suffering among mothers, many still-births, a high rate of infant mortality, and many premature births. Physicians often live 35 miles from their patients and there are practically no hospital facilities. Nearly 500 mothers were studied. Less than one half of these were attended by physicians at the time of confinement. Many employed practical nurses and often a neighbor or some member of the family was the only attendant. Little prenatal care was given, but about one third of the women received some form of after-care and the mothers showed considerable intelligence in feed-

ing their children. The lack of medical and hospital facilities is a serious evil, and the county nurse plan has only recently been introduced. The facts disclosed by the survey indicate the urgent need of a program for better maternity and infant care in sparsely settled districts. The locality studied is considered typical of many sections in the West.

GEORGE B. MANGOLD.

REDDING, H. E. *Opportunities for the employment of disabled men.* (New York: Red Cross Institute. 1918. Pp. 33.)

SAVAGE, W. B. *Rural housing.* New edition, enlarged. (London: Unwin. 1919. 7s. 6d.)

SLINGERLAND, W. H. *Child welfare in Oregon.* (Salem: Oregon Child Welfare Commission. 1919. Pp. 131.)

The Oregon legislature made request for an inquiry into conditions and problems relating to dependent, delinquent, and defective children in the state and this study was the outcome. Each of the two county and five state child-caring institutions is briefly described with a statement of the service they are rendering. A similar report is made on the private institutions, fifteen in number. A short chapter deals with the adequacy of the two classes of institutions to meet the current need. Among the suggestions emphasized are the need of better equipment of the various plants, including additions to the staff of the trained workers, and the need of greater coöperation among the institutions. The desirability of an adequate system of state supervision is also set forth. The chapter on Child Placing in Families deals less with the existing policies in Oregon than with the theoretical aspects of child placing as a desirable form of child care. The author analyzes the agencies engaged in preventive work and indicates possible improvements in service.

The study is unbiased but sympathetic and while it recognizes the excellent work which the various agencies have heretofore accomplished it also indicates the next forward steps. The constructive criticisms should, therefore, be most helpful in formulating a more vigorous public opinion for the promotion of child welfare.

GEORGE B. MANGOLD.

TREADWAY, W. L. and LUNDBERG, E. O. *Mental defect in a rural county.* Dependent, defective, and delinquent classes series, no. 7. Bureau publication no. 48. (Washington: Children's Bureau. 1919. Pp. 96.)

VON TUNGELN, G. H. *A rural social survey of Orange township, Blackhawk county, Iowa.* (Ames, Ia.: Agri. Experiment Station. 1918. Pp. 54.)

WINES, F. H. *Punishment and reformation. A study of the penitentiary system.* New edition, revised and enlarged. (New York: Crowell. 1919. Pp. xi, 481. \$2.50.)

It is always a difficult task to rewrite and enlarge a book written

by another man. In this case again the author has not met with unqualified success. In the first place, no improvement is made on the arrangement of the chapters as they appeared in Wines' book. Furthermore, new material that might have been profitably added is omitted from the earlier chapters. Again the harrowing account of the methods of intimidation and torture practiced in former days is faithfully produced. A considerable condensation of this chapter would greatly improve the book. In his discussion of the Elmira system Wines wrote of the condition of American prisons "twenty-five years ago" (meaning about 1870) and indicated changes that were being made. In the revision precisely the same language is used, and as a result the unguided reader becomes confused and is misled as to the facts.

On the other hand the book contains much excellent new material. Obsolete and irrelevant matter formerly appearing in the chapter on criminal anthropology is omitted and the results of the investigations by Dr. Goring added. The valuable discussions of the individual delinquent, of penal treatment, and of self-government in prisons are worthy of generous praise. The reader is made familiar with the work of Healey, Glueck and others, with the complicated factors involved in the constructive treatment of the criminal and with the operation of the methods that increase the responsibility and self-respect of the prison inmate.

To prevent crime the author would make special effort to improve the character of young people. Homes, schools, and churches should be strengthened and more wholesome leisure provided. The prohibition of the liquor traffic will also prove an excellent remedy. The author regards the practice of race culture as a hopeful preventive because of the close relation between criminality and mental defectiveness or abnormality. A progressive program of negative eugenics is necessary and should form part of the campaign against crime.

The new chapters widen the scope of the book and make it more serviceable in the classroom than before. Furthermore, the style is pleasing, and important mechanical improvements have been made.

GEORGE B. MANGOLD.

WOOD, H. E. and SMITH, J. H. *Prevocational and industrial arts*. (Chicago: Atkinson, Mentzer & Co. 1919. Pp. 266. \$1.)

WORSFOLD, W. B. *The war and social reform*. (London: Murray. 1919. 6s.)

American marriage laws in their social aspects. (New York: Russell Sage Foundation. 1919. Pp. 132.)

The preface notes that attention has been given to the defects of our divorce laws more than to defects in our marriage laws. In this report is given a compilation of the marriage laws of the several states and a summary of various proposals for their reform. Marriage laws are summarized by topics such as common law marriages,

marriageable age, the marriage license, solemnization, the marriage record, interstate relations.

The Consumers' League of Cincinnati. Report for 1917 and 1918. (Cincinnati, O.: The League, 58 Pickering Bldg. 1919. Pp. 15.)

A community survey made in Los Angeles city. (San Francisco: California Commission of Immigration and Housing. 1919. Pp. 74.)

Homes for workmen; a presentation of leading examples of industrial community development. (New Orleans, La.: Southern Pine Assoc. 1919. \$5.)

Housing. Manual on the preparation of state aided housing schemes. (London: Local Government Board. 1919. 2s. 6d.)

Industrial education in Wilmington, Delaware. Report of a survey made under the direction of the Commissioner of Education. (Washington: Bureau of Education. 1918. Pp. 102.)

Is this living? (New York: Consumers' League, 105 East 22d St. 1919. Pp. 15.)

Resumé of a study made in the fall of 1918 into wages and cost of living in Brooklyn and New York City.

The North End. A survey and a comprehensive plan. (Boston: City Planning Board. 1919. Pp. 97.)

A thoroughgoing study of housing conditions in a crowded section of Boston with proposed plan for reconstruction.

Public education in the cities of the United States. Education Bureau bulletin 48. (Washington: Supt. Docs. 1919. 5c.)

Report of committee on housing, appointed by Mayor Peters. (Boston: City Hall. 1919. Pp. 15.)

Restaurant facilities for shipyard workers. (Washington: Supt. Docs. 1918. Pp. 63.)

Sixth annual report of the National Association of Corporation Schools. (New York: Lee Galloway, New York University. 1918. Pp. 400.)

Sociology and education. Papers and proceedings. (Chicago: Sociological Soc., Univ. Chicago. 1919. Pp. 224. \$1.50.)

Training trade and industrial teachers under the Smith-Hughes law. (Bloomington, Ind.: Univ. Indiana. 1918. Pp. 57.)

Twenty-first annual report of the Consumers' League of Massachusetts. (Boston: The League, 4 Joy St. 1919.)

Vocations open to young men and women of the Northwest and how to prepare for them. (Seattle: Univ. Wash. 1917. Pp. 39.)

Women's advisory committee report on domestic service. (London: Ministry of Reconstruction. 1919. 3d.)

Women in banking in the city of Minneapolis. (Minneapolis:

Women's Occupational Bureau, 204 Transportation Bldg. 1919. 25c.)

Insurance and Pensions

NEW BOOKS

BREEDENBEEK, A. F. *Fire insurance a state monopoly in the Netherlands.* (Amsterdam: Intern. Pub. Co. 1918. Pp. 95.)

BROWNE, SIR E., and WOOD, SIR K. *The law of national health insurance.* (London: Ins. Pub. Co. 1919. Pp. 415. 81s. 6d.)

LANDIS, A. *Fraternal societies defined; reviewing the Oklahoma supreme court decision in the Praetorian's case; the ruling of the Iowa commissioner against 20-pay life contracts, illustrating the workings of the level premium and reserve accumulation.* (Nashville, Tenn.: The author. 1919. Pp. 72. \$5.)

OAKLEY, H. A. *Early records of fire underwriting in New York.* (New York: Ins. Soc. of N. Y. 1919. Pp. 27.)

WINTER, W. D. *Marine insurance.* (New York: McGraw-Hill. 1919. Pp. 450. \$3.50.)

Claims to benefits. National health insurance. Decisions given by the umpire. Vol. III, nos. 1001 to 1500. Given up to July 25, 1918, with an index to all decisions 1 to 1500. (London: Wyman. 1919. 3s.)

First annual report of the Ministry of Pensions, to March 31, 1918. (London: King. 9d.)

The programme of repatriation. (Ottawa: Dept. of Public Information. 1919. Pp. 48.)

Contains paragraphs on pensions, and land and loans to help soldiers become farmers.

The return of 300; an explanation of the saving effected by the mutual plan of insurance, together with the features of safety and service. (Boston: American Liability Ins. Co. 1919. Pp. 39.)

Special army course in life insurance and insurance salesmanship; outline of lessons for teachers' use. (New York: Roy Press. 1919. Pp. 216.)

Workmen's compensation act and decisions with reference to negligence and compensation cases annotated. California; Indiana; New Jersey; New York. (Chicago: Callaghan. 1918.)

Pauperism, Charities, and Relief Measures

NEW BOOKS

National relief fund. Report on administration up to September 30, 1918. (London: Wyman. 1919. 2d.)

Poverty in Baltimore and its causes. By Alliance of Charitable and Social Agencies. (Baltimore, Md. 1919. Pp. 58.)

This brief study analyzes the causes of poverty of 8,668 families under the care of charitable and social agencies in Baltimore. About 60 per cent of the cases are taken from charity organization societies, 24 per cent from medical agencies, 10 per cent from the Prisoner's Aid Association, and the remainder from various societies. The writers do not claim that such a selection of cases will give entirely valid statistics but present them with these limitations in mind. According to the analysis of the records, in 25 per cent of the cases there was mental or moral abnormality, and in 47 per cent there were physical causes. In 5 per cent labor conditions were at fault. In slightly more than one per cent there was insufficient income. Other causes were of comparatively minor importance. It appears that there was an average of one subnormal or abnormal individual per family, that large families were not numerous, and that overcrowding was not a serious evil. The report concludes that the statistics do not show that economic conditions were responsible for any considerable amount of poverty. One half of the report consists of statistical tables. Many of these are very valuable but some are incomplete and make additional computation necessary.

GEORGE B. MANGOLD.

Socialism and Co-operative Enterprises

NEW BOOKS

- ANDLER, C. *Le socialisme impérialiste dans l'Allemagne contemporaine.* (Paris: Bossard. 1919. 4.60 fr.)
- BALINSKY, P. *The problem of land ownership; a proposal for its rational solution.* (New York: Neumann Bros., printers. 1919. Pp. 96.)
- BEER, M. *A history of British socialism.* (London: G. Bell & Sons. 1919. 12s. 6d.)
- BERENBERG, D. P. *Socialism.* (New York: Rand School. 1918. Pp. 48. 10c.)
- BROWN, R. G. *Industries and the state under socialism.* (Minneapolis: The author, 1000 Metropolitan Life Bldg. 1919.)
- BUBNOV, J. V. *The coöperative movement in Russia.* (Manchester: Coöperative Prtg. Soc. 1918. \$1.25.)
- CAMMEN, L. *Government ownership of public utilities in the United States.* (New York: McDevitt-Wilson, 30 Church St. 1919. Pp. 142. \$1.50.)
- CARTER, H. *The limits of state industrial control.* (London: Unwin. 1919. 16s.)
- CLARK, E. and SOLOMON, C. *The socialists in the New York board of aldermen.* (New York: Rand School. 1919. 10c.)
- FRAINA, L. C. *Revolutionary socialism.* (New York: Communist Press. 1918. 75c.)

- LENIN, N. *A letter to American workingmen.* (Brooklyn: Socialist Pub. Soc. 1918. Pp. 16. 5c.)
- LLOYD, W. B. *The Socialist party and its purposes.* (Chicago: Good-speed Press. 1918. Pp. 40. 10c.)
- MILLS, H. E. *Socialism; outline for reading and study.* Second edition. (Poughkeepsie, N. Y.: The author. 1919. Pp. 39. 50c.)
- NUORTEVA, S. *An open letter to American liberals.* (Brooklyn: Socialist Pub. Soc. 1919.)
- RUSSELL, B. *Proposed roads to freedom. Socialism, anarchism, syndicalism.* (New York: Holt. 1919. Pp. 218. \$1.50.)

This latest book by Bertrand Russell is one of many indications that we are to have a great deal of discussion of anarchist ideals. It has a certain slightness, even commonplace quality which no one associates with the author. It has also his perfection of clear statement, of intellectual detachment and straightforwardness. His passion (or his religion) is for freedom. Capitalism, among other evils, he thinks deprives us of this. What can one or all of the three isms do to liberate us?

He leaves no doubt about his estimate of state socialism. With its inevitable drift toward bureaucracy (and therefore loss of freedom) he sees as scant hope as in capitalism. The only socialist variant that has his sympathy is close cousin to anarchist ideals. Syndicalism he submits to acute criticism which is but another way of saying that his sympathies are with the "New Guild." While frankly recognizing the necessity of the state as representing the consumer, the New Guild avoids the weakness of syndicalism as well as the dangers of the bureaucratic state. He pays great deference to the intellectual leader of this movement (G. D. H. Cole). But Mr. Russell avoids a certain acidity and cocksureness which makes his statement more persuasive than his master's.

While criticising his extravagancies, he pays profound respect to the communist-architect, Kropotkin. A passage in the introduction summarizes the author's conclusions. "Pure anarchism," he says, "though it should be the ultimate ideal, to which society should continually approximate, is for the present impossible. On the other hand, both Marxian socialism and syndicalism, in spite of many drawbacks, seem to me calculated to give rise to a happier and better world than that in which we live. I do not, however, regard either of them as the *best* practicable system. Marxian socialism, I fear, would give far too much power to the state, while syndicalism, which aims at abolishing the state, would, I believe, find itself forced to reconstruct a central authority in order to put an end to the rivalries of different groups of producers. The best practicable system, to my mind, is that of guild socialism, which concedes what is valid both in the claims of the state socialists and in the syndicalist fear of the state, by adopting a system of federalism among trades for reasons similar to those which are recommending federalism among nations."

JOHN GRAHAM BROOKS.

- SMITH-GORDON, L. *Coöperation for farmers*. (London: King. 1919. 6s.)
- SMITH-GORDON, L. and STAPLES, L. C. *Rural reconstruction in Ireland; a record of coöperative organization*. (New Haven: Yale Univ. 1919. Pp. 301. \$3.)
- SOMBART, W. *Sozialismus und soziale Bewegung*. Seventh edition. (Jena: Fischer. 1919.)
- SPARGO, J. *Bolshevism*. (New York: Harper. 1919. Pp. 389. \$1.50.)
- TROTSKY, I. *From Germany to Brest Litovsk*. (Brooklyn: Socialist Pub. Soc. 1919. Pp. 100. 35c.)
- WILLIAMS, A. R. *The Bolsheviks and the Soviets*. (New York: Rand School. 1918. Pp. 48. 10c.)
- WILLIAMS, A. R. *Russian soviets*. (New York: The People's Print. 1919.)
- Bolshevism in Russia. A collection of reports*. (London: King. 1919. 9d.)
- Public ownership of public utilities. Discussion by Samuel O. Dunn, John Martin, William B. Munro, Delos F. Wilcox*. (Boston: Nat. Econ. League. 1919. Pp. 37.)
- Report of the proceedings of the First American Coöperative Convention held at Springfield, Illinois, September 25-27, 1918*. (New York: Coöperative League of America. 1919. Pp. 264. \$1.)
- Contains material showing the present status of the coöperative movement in the United States. Includes papers on The world movement toward coöperation, by J. P. Warbasse; Manufacturing by consumers, by Carl E. Lunn; The possibilities of an American wholesale, by Walter Huggins; Wholesale and central buying, by D. T. Clark; Educational and social phases of coöperation among farmers; Harmonizing producers and consumers movements through wholesale coöperation on the Rochdale plan, by C. F. Lowrie; and Marketing for coöperative producers, by H. G. Tank.
- Trial of Scott Nearing and the American Socialist Society*. (New York: Rand School of Social Science. 1919. Pp. 19. 50c.)

Statistics and Its Methods

The Division of the Product of Industry. An Analysis of National Income before the War. By ARTHUR L. BOWLEY. (Oxford, Eng.: Clarendon Press; New York: Oxford University Press. 1919. Pp. 60. 2s. 6d. \$1.15.)

In this brief monograph Professor Bowley incidentally sets forth the salient facts concerning the national income of the

United Kingdom just before the World War, but his chief purpose in so doing is apparently to answer the queries of socialists and others as to how much income might safely or unsafely be diverted from the existing share of the rich and added to the wages of the laboring class. He considers what might be done under the existence of the present competitive régime and also what might be accomplished if a socialistic state were substituted for the present order.

The work is a thoroughly well balanced and scientific treatise. It, like most English statistical studies, however, contains too many figures in the text and it could be made more attractive and intelligible to the general public if accompanied by a set of graphs illustrating the essential features. As it is, the less-careful readers are likely to fail to differentiate unimportant items from figures of major importance. The author has been wise in not confusing his reader with superfluous details concerning the sources of his information and yet he has given sufficient reference to show the basis of the estimates set forth. No one familiar with the careful work of Professor Bowley need question the fact that the figures presented are as accurate as the materials at hand make possible.

His most important conclusions concerning income in the United Kingdom are the following:

Average annual earnings for all male wage-earners in 1911, \$279.
Average annual earnings for all female wage-earners in 1911, \$158.

These amounts are but slightly over half the average wages in the United States at the same date.

Total wage bill for males in 1911.....	\$3,075,000,000
Total wage bill for females in 1911.....	735,000,000
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Total wage bill.....	\$3,810,000,000
Total salary bill.....	1,270,000,000
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Total wages and salaries.....	\$5,080,000,000
Total income of people of United Kingdom	
produced at home.....	
	\$9,240,000,000
Per cent of total home produced income paid in	
wages and salaries.....	55

This compares with about 47 per cent paid in wages and salaries at the same date in the United States, not a striking difference but one which perhaps is accounted for by the better supply of material resources per man which is available in the United States.

Income received from abroad.....	\$945,000,000
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Total income of United Kingdom.....	\$10,185,000,000
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Average income per family of 4½ persons	\$1,011
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Per capita income.....	\$225
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This compares with a per capita income in the United States at about the same date of some \$332 according to the estimate of the present writer. Thus the average income in the United Kingdom in 1911 was approximately two thirds as great as that of the average inhabitant of the United States. Since the price level was a trifle lower in the United Kingdom, the average income does not differ from that of this country to quite as great an extent as these figures would indicate. Under these circumstances, how does it happen that the average money wage rates, as shown above, are so strikingly less than those paid in the United States at the same date even though all the wage-earners combined get a larger share of the total national dividend than do the employees in the United States? This situation is largely accounted for by the fact that in the United Kingdom 38 per cent of the people work for wages or salaries as compared to but 31 per cent in this country. The difference is probably due mainly to the greater fraction of our population who are independent entrepreneurial farmers.

After presenting the facts concerning the income of the British people, Professor Bowley attempts to ascertain the amount which might be taken from the rich and given to the poor. He points out that the expenses of running the government must be deducted before dividing up the net proceeds of industry. He also shows that if the nation desires to progress it must continually increase its wealth by saving and that this saving is at present largely done by the wealthy classes. If the saving were undertaken by the government, and if all incomes above about \$800 per annum were confiscated by the government, it could so distribute the amount thus obtained among the wage-earners as to give all adult males a minimum of about \$9 per week and could make the minimum woman's wage about \$5 per week. By an equal division of income, each family of 4½ persons might have left about \$750 after government expenses and necessary saving had been arranged for. This, however, could be accomplished only if the heavy burdens of taxation or the confiscation of all property and the limiting of salaries or earnings to a maximum of some \$800 yearly did not reduce the incentive to work and hence materially lower production. While

the reader is left to draw his own conclusions, he can scarcely fail to perceive that Professor Bowley has grave doubts of the feasibility of maintaining present efficiency under such changed conditions.

In all of his discussion, the author tacitly assumes a constant population. If, however, we also consider the probability that with such an artificial equalizing of income there would normally follow a sharp diminution in the death rate and a considerable increase in the birth rate of the least efficient classes, we can see the hopelessness of expecting to maintain production per capita at present rates for any length of time under such a plan of social readjustment.

This little book in short makes the fact clear that the most fundamental reason that the British people, on the whole, are far from affluence is due to failure to produce a sufficient quantity of goods per capita rather than to a failure to distribute the goods produced in the best possible way. Although the author does not make the point, he has nevertheless forged another link in the growing chain of evidence that poverty is a problem of eugenics and population rather than of distribution of the products of national effort.

This monograph will prove of interest to all students of income conditions in the United Kingdom and ought to be carefully digested by every person who believes it possible to bring about a Golden Era by means of some new distribution of the products of industry.

WILLFORD I. KING.

Spartanburg, S. Carolina.

NEW BOOKS

CARTER, A. *School statistics and publicity.* (Boston: Silver, Burdett. 1919. Pp. xix, 332.)

ANDREWS, B. F. *Statistics of agricultural and mechanical colleges.* Bureau of Education, bull. 41. (Washington: Supt. Docs. 1919. Pp. 43.)

BEARD, M. K. *The relation between dependency and retardation. A study of 1,351 public school children known to the Minneapolis Associated Charities.* (Minneapolis: Univ. Minn. 1919. Pp. 17. 25c.)

MAROI, L. *Come si calcola e a quanto ammonta la ricchezza d'Italia e delli altre principali nazioni.* (Rome: Athenaeum. 1919.)

PEARL, R. and PEARL MATCHETT, E. *Reference handbook of food statistics in relation to the war.* (Washington: Supt. Docs. 1918. Pp. 124.)

SECEROV, S. *Economic phenomena before and after war. A statistical theory of modern wars.* (London: Routledge; New York: Dutton. 1919. Pp. viii, 232.)

To be reviewed.

WHIPPLE, G. C. *Vital statistics; an introduction to the science of demography.* (New York: Wiley. 1919. Pp. xii, 517. \$4.)

To be reviewed.

WOOD, T. D. *Health charts proposed by the joint committee on health problems in education of the national council of the National Education Association and the council of health and public instruction of the American Medical Association.* (New York: T. D. Wood, 525 West 120th St. 1917. \$5.)

Boston statistics, 1918; with memorable sites and buildings, etc. (Boston: Statistics Dept., City Hall. 1919. Pp. 64.)

Estimates of population of the United States, 1910, 1911, 1912, 1913, 1914, 1915, 1916, and 1917, including results of the state enumerations made in 1915. Washington: Bureau of the Census. 1918.

Official yearbook of New South Wales, 1917. (Sydney: Bureau of Statistics. 1918. Pp. 843. 2s. 6d.)

Population and distribution. Compiled from the United States Bureau of Census figures. Second edition, revised and enlarged. (New York: J. W. Thompson Co. 1918. Pp. xii, 218.)

The first edition was issued in 1912. Author argues that large-scale production, which has become standardized by 1900, had out-run consumption. Need was felt for large-scale selling. The agency for effecting this is found in advertising. This must be based upon a knowledge of markets. The author therefore provides useful tables of statistics showing by states and cities population, number of families, nativity and color, farms operated, etc. Population estimates are given for 1916. There are several tables showing the number of retail and wholesale dealers in the United States classified by trades and by states.

Statistics as to the operation and administration of the laws relating to the sale of intoxicating liquor in England and Wales for 1917. (London: King. 1918. 1s. 3d.)

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

RECIPROCITY AND COMMERCIAL TREATIES. The United States Tariff Commission has published a substantial monograph entitled *Reciprocity and Commercial Treaties* (Washington, 1919, pp. 535). There are three main sections of the report. Part I is by far the most extensive, covering some 330 pages, and contains, primarily, a study of the reciprocity and tariff agreements of the United States, including the reciprocity treaty of 1854 with Canada, the reciprocity treaty of 1875 with Hawaii, the reciprocity negotiations covering the period from 1882 to 1890, the treaties and agreements under the tariff acts of 1890 and 1897, the bargaining features of the tariff acts of 1909 and 1913, the preferential treatment of certain American products by Brazil beginning in 1904, the Cuban reciprocity treaty of 1902, and the attempt to arrange a reciprocity treaty with Canada in 1910-1911. The method of treatment is both comprehensive and detailed, and embraces a carefully worked out statistical examination of the effects of the various treaties and agreements upon the commerce of the United States.

Part II, comprising upwards of 60 pages, is devoted to a study of the most-favored-nation clause in commercial treaties in both the unconditional and conditional forms. On the whole, this is an excellent treatment of this feature of commercial treaties which, in the past, has been accompanied with misunderstandings and difficulties of interpretation.

Part III, embracing about 50 pages, is concerned with an examination of the commercial policies and tariff systems of various European states, particularly those of Germany, France, and Russia, and with a classification, analysis, and description of modern tariff systems in general.

As has been the case with practically all of the publications of the United States Tariff Commission, the work in this monograph has been well done. Students and teachers of economics and government, as well as legislators, and men of affairs will find much in this complete and handy volume to inform them and clarify their minds upon questions related to tariffs and commercial policy. With respect to many of the topics considered, the data hitherto have been scanty and widely scattered. The volume is well indexed, and each of the three main parts is preceded by a full table of contents. An excellent summary of the report also is included.

Among the conclusions arrived at and the recommendations submitted are the following: The United States has not in the past followed a consistent and continuous policy with reference to reciprocity experiences and commercial arrangements; a policy of special agreements leads to troublesome complications; a great gain would accrue, now that the United States has embarked upon a policy of wide participation in world politics, if a clear and simple policy could be adopted and put into operation; the guiding principle of such a policy should be equality of treatment; such a general principle occasionally might need to be qualified; measures for securing just treatment from other countries may take the form of concessional arrangements or of additional duties. With reference to the latter, the report states that:

The method of additional duties is that which can be put into effect by the United States at once, without disturbance of its general tariff policy, and without committing the country definitely as regards the permanent commercial arrangements which may be evolved as part of the coming international settlement. The necessary flexibility can be secured by leaving the actual imposition of additional duties to the discretion of the President, who shall act always in conformity with a stated general principle and subject to general limitations defined by statute. Indeed, either system, the concessional or the additional, can be safely applied only when there is a provision for elasticity in its application and administration. It would seem indispensable that a considerable degree of freedom be left to the executive department. . . . The early enactment of legislation authorizing the imposition of additional duties at the discretion of the President is accordingly recommended by the Tariff Commission.

With reference to the future policy of the United States concerning the most-favored-nation clause, no recommendation is offered.

AVARD L. BISHOP.

Yale University.

The Bureau of Foreign and Domestic Commerce of the United States Department of Commerce has issued:

Miscellaneous Series:

- No. 77, *A Compilation of Statistics of Austro-Hungarian Trade, 1900-1913*, by J. J. Kral (Washington, 1919, pp. 64).
- No. 78, *Trade of the United States with the World, 1917-1918: Part I, Imports* (pp. 112); *Part 2, Exports* (pp. 346).
- No. 79, *International Trade in Cement, 1908-1913, and Latest Available Year*, by Edward Whitney (pp. 76).
- No. 82, *Chemicals and Allied Products used in the United States, imports by quantities, values, and countries of origin during*

the fiscal year 1913-1914 and statistics of domestic production, by Dr. S. R. Pickrell (pp. 194).

Special Agents Series:

No. 178, *Advertising Methods in Cuba*, by J. W. Sanger (pp. 47).

The report on *Uniform Classification of International Foreign Trade Statistics*, by the Statistical Division of the Bureau of Foreign and Domestic Commerce, has been reprinted from *Commerce Reports* of January 6, 1919 (pp. 11).

The hearings held February 3-5, 1919, before the Committee on Agriculture of the House of Representatives on *Wheat Price Guaranteed by Congress* have been printed (Washington, pp. 226). A supplementary statement on *Statistics on Movement and Storage of Grain Crops* made during these hearings is also printed (pp. 31).

The Bureau of the Census has issued special bulletins on *Statistics of Leather* as of May 31, 1918 (Washington, pp. 11) and *Census of Shipbuilding, 1916 and 1914* (pp. 35).

The Division of Bibliography of the Library of Congress has prepared a typewritten *List of Recent References on Ports and Harbors* (Washington, Sept., 1918) which contains 180 entries.

From the Bureau of Mines has been received the *Report of the Joint Committee* appointed from the Bureau of Mines and United States Geological Survey by the Secretary of the Interior to study the gold situation (Washington, 1919, pp. 84). This discusses gold production; gold standard and need of gold; production, exports, imports, and consumption; sources of gold in the United States; cost of producing gold; labor situation; and relief asked for the gold mining industry.

There is also received from the Bureau of Mines *Method of Administering Leases of Iron Ore Belonging to the State of Minnesota*, by J. R. Finlay (1919, pp. 40).

Two addresses by Henry S. Graves, of the National Forestry Service of the federal Department of Agriculture have been reprinted: *Private Forestry*, an address before the New England Forestry Conference, Boston, February 14, 1919; and *A National Lumber and Forest Policy*, an address before the Lumber Congress of Chicago, April 16, 1919 (Washington, March and April, 1919).

The *Third Annual Report of the State Market Director of California* and the *Second Annual Report of the State Fish Exchange* (Sacramento, 1918, pp. 174) furnishes supplementary information concerning this

activity, which was described by Professor Plehn in the March, 1918, number of this REVIEW (vol. VIII, p. 1).

The *Sixth Annual Report of the Conservation Commission of the State of New York*, 1916, contains a discussion of water power policy of the state (Albany, pp. 464).

The Bureau of Business Research of Harvard University, in bulletin number 12, has made a study of the *Operating Expenses in Retail Hardware Stores* (Cambridge, 1919, pp. 11, 50c.). The study is based on the experience of 218 stores in 39 states and Canada. It covers the war years of 1917 and 1918. The average figure for total expense was 20.6 per cent of sales. The average rate of stock-turn was 1.8 times a year.

The monthly bulletins on *Business Conditions* circulated by the Eagle Fire Insurance Company, Continental Insurance Company, and Fidelity-Phenix Fire Insurance Company (New York) contain a considerable amount of summarized material in regard to different branches of industrial and commercial activity.

Corporations

Additional parts, 11-12, on *Extension of Tenure of Government Control of Railroads*, representing hearings held before the Senate Committee on Interstate Commerce, February 18-21, 1919 (pp. 1201-1741), have appeared.

The statement of Albert M. Todd, president of the Public Ownership League of America, which was made in these hearings, has been published as a separate (pp. 44).

Document No. 4844 of the Interstate Commerce Commission deals with bills of lading (pp. 671-740).

The Chamber of Commerce of the United States has recently issued the *Report of the Committee on Railroads* made at the seventh annual meeting held at St. Louis in April of this year (pp. 16). An appendix prepared by this committee presents a synoptical arrangement of plans for railroad legislation (pp. 18) and will supplement the analysis made by Dr. Parmelee in the June number of this REVIEW (p. 392).

The Chicago and Northwestern Railroad has prepared a statement of points submitted to the Nebraska State Board of Equalization and Assessment and the Wisconsin Tax Commission in regard to the assessment of Nebraska and Wisconsin railroads respectively.

The address of Mr. Samuel Rea, president of the Pennsylvania Railroad System, on *What Railroad Rehabilitation Plan Should the Country Adopt?* delivered at the seventh annual convention of the Chamber of Commerce of the United States, has been printed as a separate (pp. 30).

Other documents relating to corporations have been received as follows:

Report of the Public Service Commission for the First District of the State of New York for the year ending December 31, 1917 (Albany, 1918, pp. 526).

Thirty-fourth Annual Report of the Railroad and Warehouse Commission of the State of Minnesota, for the year ending November 30, 1918 (Minneapolis, 1919, pp. 503).

Twenty-seventh Annual Report of the Railroad Commission of Texas, for the year 1918 (Austin, 1918, pp. 544).

Labor

The federal Bureau of Labor Statistics has issued the following bulletins:

No. 248, *Proceedings of the Fourth Annual Meeting of the International Association of Industrial Accident Boards and Commissions* (Mar., 1919, pp. 306). This meeting was held in Boston in August, 1917.

No. 249, *Industrial Health and Efficiency: Final Report of the British Health of Munition Workers' Committee* (Feb., 1919, pp. 374). This is the full and final report and completes the group of reprints which the bureau has been publishing of reports made by committees appointed by the British Minister of Munitions to investigate conditions affecting health and welfare of workers.

No. 250, *Welfare Work and Employees in Industrial Establishments in the United States* (Feb., 1919, pp. 139). This contains chapters on health measures for employees, drinking water systems, washing-up and locker facilities, lunch-rooms and restaurants, indoor and outdoor recreation, education, disability funds, pensions and group insurance, encouragement of thrift, administration of welfare work, and social betterment among employees families.

The United States Training Service of the Department of Labor

has prepared a little pamphlet on *Industrial Training in Representative Industries* (Washington, Training Bull. No. 18, 1919, pp. 15). The subtitle explains that this is a survey of practical value to the man who wants to know how training departments operate.

The Working Conditions Service of the Department of Labor, in a brief statement on the *Treatment of Industrial Problems by Constructive Methods* (Washington, 1919, pp. 15), describes the functions of this bureau.

The Women in Industry Service of the Department of Labor has made a survey on *Labor Laws for Women in Industry in Indiana* (Washington, 1919, pp. 29). This was undertaken in response to a request of Governor Goodrich of Indiana. A study was made of the hours of work, overtime, output in relation to hours, and some comparison with laws of other states.

The Library of the United States Department of Labor at Washington has prepared a typewritten list of periodicals and newspapers in its library on labor and industry, arranged by countries (pp. 23).

Organization and By-Laws for Collective Bargaining Committees has been compiled by the National War Labor Board (Washington).

The Employment Management Branch of the United States Shipping Board has prepared a pamphlet on *Opportunities in Shipbuilding for the Physically Handicapped* (Philadelphia, 1919, pp. 30).

The Statistical Clearing House of the Central Bureau of Planning and Statistics at Washington has prepared a *Revised Index for List of Labor Statistics* (Washington, 116 New Interior Bldg.). This should be of service to students of labor questions who wish to locate statistical data.

The Bureau of Mines, Department of the Interior, has issued an annual statement of *Metal Mine Accidents in the United States during 1917* with labor and accident tables and statistics, 1911-1917, compiled by Albert H. Fay (Washington, 1919, pp. 80).

The *Sixth Annual Report of the Minimum Wage Commission of Massachusetts, 1918* (Boston, 1919, pp. 61) contains the Supreme Court decision upholding the constitutionality of the minimum wage law and gives a summary of the five years' experience with this law in Massachusetts.

This commission has also made a special report on *The Wages of*

Women Employed in Canning and Preserving Establishments in Massachusetts (Boston, 1919, pp. 51).

The *Third Biennial Report of the Industrial Welfare Commission of the State of Washington, 1917-1918* (Olympia, 1918, pp. 61) deals with minimum wage legislation and the employment of women and children.

A study has also been made of *Hours and Health of Women Workers* by the Illinois Industrial Survey, published as a state document under date of November 30, 1918 (pp. 120). This is a longer study and contains a considerable amount of statistical data showing the recent trend to a shorter work day in different industries.

The *Proceedings of the Third Industrial Safety Congress of New York State*, held at Syracuse in December, 1918, has been published by the Bureau of Statistics and Information of the State Industrial Commission.

The St. Paul Public Library has made a brief list of books on *Employment* relating more particularly to selection and training of employees, tardiness, absenteeism, turnover, welfare and efficiency methods, training employees, and the employment department.

Among other reports dealing with labor are the following:

Sixteenth Biennial Report of the Colorado Bureau of Labor Statistics, 1917-1918 (Denver, 1918, pp. 146).

Labor Laws. Revision of 1918 (Hartford, Connecticut Bureau of Labor Statistics, pp. 91).

Thirty-third Annual Report of the Massachusetts State Board of Arbitration, 1918 (Boston, 1919, pp. 98).

Third Biennial Report of the Department of Labor and Industry of Montana, 1917-1918 (Helena, pp. 205).

Biennial Report of the Nevada Industrial Commission, reviewing the administration of the Nevada industrial insurance act for July, 1916, to July, 1918 (Carson City, 1919, pp. 40).

Report of the Bureau of Labor for New Hampshire for the biennial period ending August 31, 1918 (Concord, 1918, pp. 105).

Statistics of Mines and Quarries in Ohio, 1917 and Union Scale of Wages and Hours of Labor in Ohio on May 15, 1918 (Columbus, Industrial Commission of Ohio, Bulls. 2, 3 of vol. V, pp. 98, 46).

Twenty-fifth Annual Report of Factory Inspection, Rhode Island (Providence, 1919, pp. 78).

Money, Prices, Credit, and Banking

THE BANK OF NORTH DAKOTA. Among the principal laws enacted by the North Dakota Legislative Assembly of 1919 is an act declaring the purpose of the state of North Dakota to engage in the banking business and to establish a system of banking under the name of the Bank of North Dakota, operated by the state. The capital of the bank is to be the fund obtained by the sale of bonds in the sum of two million dollars. Among other provisions the act requires that all state, county, township, municipal and school district funds, and funds of all penal, educational, and industrial institutions, and all other public funds be deposited in the bank within three months from the approval of the act, and makes a violation of this provision a misdemeanor, punishable by fine and imprisonment; it exempts from liability for loss any official depositing public funds in said bank, and the sureties on his bond; it authorizes the bank to receive deposits from any source, and authorizes funds to be deposited to the credit of the bank in any other bank provided by the commission; it guarantees all deposits in the bank, and exempts them from taxation. The bank, as a matter of fact, is given a blanket permission to do almost anything in the clause which authorizes it to transfer funds to other departments, institutions, utilities, enterprises, and all industries of the state; to make loans to political subdivisions thereof, or to state or national banks, and to make mortgage loans on real estate in amounts not to exceed one half its value, or on warehouse receipts not to exceed 90 per cent of the commodities evidenced thereby; but prohibits it from loaning on real estate more than 30 per cent of its capital, nor, in addition thereto, more than 20 per cent of its deposits.

The bank is to be under the supervision of the Industrial Commission created by the same legislature as the bank. This Industrial Commission is composed of the governor, the attorney general, and the commissioner of agriculture and labor; two of these constitute a quorum, but the governor's approval of all orders, rulings, by-laws, or contracts is required before they become effective. Among other things the Industrial Commission is given power to fix rates of interest allowed and received, and to fix charges for services rendered by the bank; to purchase, lease, or condemn all requisite property, and to construct and repair buildings, but is prohibited from investing more than 10 per cent of the capital of the bank in buildings, or fixtures for office purposes; to employ a manager and subordinate officers, and such contractors, architects and other agents as in its judgment the

interests of the state may require, and to define their duties, designate their titles and fix their books and compensations; to discharge such employees whenever in its judgment the public interests require it; to prescribe the form of application for mortgage loans and provide for appraisal of real estate; to extend all payments under any real estate mortgage for one year in case of crop failure; to assign such mortgage to the state treasurer as security for bond issues.

The act also authorizes civil actions against the state on account of causes of action arising out of transactions connected with the operation of the bank, and requires the state examiner to inspect the bank at least twice a year, and report the results thereof to the commission and to the ensuing legislative assembly.

The two features to be especially noted are the wide scope of business the bank is authorized to conduct and the political character of the Industrial Commission which directs the bank. A referendum vote of the state on June 26 endorsed the acts creating the bank and the Industrial Commission.

GEORGE M. JAMES.

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PRICES AND INCOMES IN GERMANY DURING THE WAR. Dr. Victor Clark has kindly submitted the following translation of an article by Rudolph Rettig, of Dresden, which appeared in the *Roter Tag*, May 21, 1919, on prices and incomes during the recent war.

"The outcome of the world war forces us to consider the tremendous economic blunders committed at that time. There is little doubt but that economic mismanagement, especially during the last two years, contributed directly to the political overthrow and did untold harm to the national cause. It is for this reason of supreme importance that we should study closely the relation of prices and incomes, or, in other words, the economic readjustments between the different classes of the population. For this reason a number of investigations along the lines indicated below should be undertaken at once. They do not confirm the common impression that high wages are the reason of our present economic distress. At least that is the inference for the period prior to the revolution. We learn that prices have risen far above the measure justified by the increase in the cost of production and consequently profits were made that led to a very unjust distribution of the burdens of the war among the different classes of the people.

"The relative percentages of the following items of costs and profits of a specific industrial establishment illustrate what I mean:

Items	1912-13	1913-14	1914-15	1915-16	1916-17	1917-18
Wages	28.49	33.85	34.	29.57	28.95	16.87
Waste in operation....	18.13	19.78	21.83	25.23	22.26	26.30
Losses in business transactions	7.23	7.53	9.10	7.64	6.74	4.97
Porto (postage) .....	.41	.42	.58	.41	.86	.22
Construction and repairs	5.64	3.12	1.99	.83	1.48	2.47
Taxes and contributions	2.18	2.45	2.85	2.76	2.79	2.76
Interest .....	.82	1.48	1.73	2.83	.92	
Depreciation	22.82	18.21	13.52	15.01	17.70	14.77
Total	85.22	86.84	85.05	84.28	76.20	68.36
Net profits	14.78	18.16	14.95	15.72	23.80	31.54
Dividends	100.00	100.00	100.00	100.00	100.00	100.00
	6.	6.	5.	6.	12.	25.

"Such examples might be multiplied indefinitely. Almost without exception it will be shown that wages in proportion to every 100 marks in value of products actually declined between 1914 and 1917, while profits rose remarkably. We must add to this that wholesalers and retailers not only collected the same percentages of profits during the war that they were accustomed to make during peace, but almost invariably increased that percentage. The result was that the income of the entrepreneur class not only increased, but did so relatively to the higher prices, to the detriment of the other classes of society, including wage-earners. It is a fundamental error to ascribe high prices to the high wages of employees during the war. As the example quoted shows, the economic status of the working people who were employed during the war, and who received nominally high incomes, deteriorated rapidly. Consequently, it is very easy to see that the pressure of these economic conditions would rest with extreme heaviness on families of men engaged in the war and upon civil servants."

The Chamber of Commerce of the United States has prepared a pamphlet on *Trade Acceptances* summarizing the supporting and opposing arguments(Washington, 1918, pp. 24).

Dealing also with trade acceptances are pamphlets on *Would the Adoption of the Trade Acceptance be to your Advantage?* (pp. 16), an address by S. L. Stix, chairman of the Trade Acceptance Committee, before the National Wholesale Grocers' Association of the United States; and *The Importance of the Cash Discount in the American Credit System* (pp. 14), an address delivered before the New York

Wholesale Grocers' Association, January 15, 1919, by Wallace D. Simmons. These are circulated by George H. Paine, Philadelphia.

The Trade Acceptance and Cash Discount, containing letters and excerpts, has been compiled by Robert R. Ellis, of the National Wholesale Druggists' Association (Memphis, Tenn., pp. 38).

The National Bank of Commerce in New York has a revised edition of *Commercial Banking Practice* under the Federal Reserve act (New York, 1918, pp. 127).

The Preliminary Report of the Commission to Codify and Revise the Law Relating to Banks, Private Bankers, and Trust Companies Doing Business in the Commonwealth of Pennsylvania was submitted February 26, 1919 (Harrisburg, pp. 54).

Other recent reports dealing with state banking are as follows:

Annual Report of the Superintendent of Banks of Alabama, for the fiscal year ending September 30, 1918 (Montgomery, pp. 134).

Ninth Annual Report of the Superintendent of Banks of California, 1918 (Sacramento, pp. 564).

Twelfth Annual Report of the Bank Commissioner of Colorado, 1918 (Denver, pp. 240).

State of Michigan Laws relating to Banking (Lansing, 1917, pp. 140).

Ninth Annual Report of the Department of Banking of Minnesota, for the year ending July 31, 1918 (Minneapolis, pp. 291).

Annual Report of the Commissioner of Banking and Insurance, 1917 (Trenton, pp. 41).

Annual Report of the Superintendent of Banks of New York, 1918 (Albany, 1919, pp. 435).

Eleventh Annual Report of the State Banking Department of Oregon, 1918 (Salem, 1919, pp. 90).

Twelfth Annual Report of the State Bank Examiner of the State of Washington, 1918 (Olympia, 1919, pp. 45).

Public Finance

THE PHILIPPINE BUDGET SYSTEM. One of the first governmental reforms carried out by the Philippine legislature after the establishment of an autonomous government under the Jones law was a budget system. The movement originated in the Philippines, as neither the first Organic act of the Philippines, the Act of 1902, nor the Jones law, suggested the establishment of the system. And the system that

was established under the Organic act of 1902 was, from the standpoint of a responsible democratic government, even worse than any American system on the continent, for it completely took away from the representatives of the people their rightful share in the appropriation and disbursement of public funds.

The Organic law of 1902 provided that all appropriations must be made by law (sec. 5, par. 15). This apparently gave the Philippine Assembly, established in 1917, co-equal power with the Philippine Commission in money matters. But such was in reality not the case. The other provision, that in case of a deadlock on an appropriation bill the entire sum appropriated the year before should be considered as appropriated for the ensuing year (sec. 7, par. 3), gave the Governor-General almost dictatorial power in fiscal matters. He could create, and did create, offices in defiance of the opposition of the representatives of the people, and could dispose in whatever way he wished of all the money of the government so long as the entire sum did not exceed the sum previously appropriated. Thus while all other popular legislative bodies had the distinction of commanding and controlling all money bills, serving thereby as a great check upon the executive, our Philippine Assembly was deprived of this function and was, as a result, a considerably weaker body than most legislative assemblies.

Under the circumstances the budget system could not in any way have been established. There was no executive responsible, or one who could be made responsible, to the Filipino branch of the legislature, and to whom the preparation of the budget could be entrusted. Nay, it was even more advantageous for the Filipino people to demand the principle of the congressional system, the initiation of all money bills in the lower house. This demand, after a long struggle with the commission, was gained, although with no great advantage, for, there being constant deadlocks between the two houses on appropriation bills, the fiscal power remained practically in the hands of the Governor-General.

The procedure followed in the submission and preparation of estimates was similar to the American federal practice. Thirty days before the opening of each regular session, each bureau chief—not the department head—sends to the Executive Secretary, a statement of the receipts and expenditures of his bureau or office during the year and an estimate of the receipts and necessary expenditures thereof for the ensuing fiscal year. Like the Secretary of the Treasury of the United States, the Executive Secretary simply compiles these estimates and sends them to the legislature. He has no power of revision or coö-

dination. There was no executive responsible for the fiscal plan of the government. It was the question of who had the greatest "pull."

Other bills appropriating money were introduced in a hit-or-miss fashion, following no systematized and unified scheme of national improvement. Measures were considered on their individual merits, and not a well-defined fiscal plan with a view to the needs of the entire country. Nor were they based on any certain amount of revenue that might be gathered. Thousands of bills of this character were introduced at every session. Had they all passed, the resources of the country for years to come would have been exhausted. We never knew whether disbursements were exceeding receipts; never knew, even more or less definitely, whether the government was running into bankruptcy or accumulating a surplus. This was shown to be the fact when on the assumption of office by Governor Harrison it was widely asserted that the Philippine government had been running headlong towards financial ruin. "For three years prior to 1913," said Governor Harrison in his first message, "the government had expended from two to two and a half millions pesos yearly in excess of its ordinary income, and in 1913 had expended more than 7,000,000 pesos in excess of such income." Seven million pesos in excess of our income! The fact had never been openly communicated to the people or their representatives.

That there was an unpardonable lack of systematization in the financial system previous to the passage of the Jones law can be easily seen in the number and nature of appropriation bills annually passed by the Philippine Commission and the Philippine legislature. From April 3, 1915, to March 16, 1916, for instance, thirty-seven acts carrying a total appropriation of over 38,000,000 pesos were passed. The list follows on page 635.

The table of laws shows a lack of systematized groupings of objects for the easy comprehension of the public or the legislature. At the end of a session a member could not know what had been the main fiscal policy of the legislature. Appropriations for social improvement or economic development are in several and independent bills. Act 2523, for instance, appropriates 20,000 pesos for extermination of locusts and rinderpest in Mountain Province, Neuva Vizcaya, Mindanao and Sulu; act 2526 sets aside 35,000 pesos for agriculture, industry, health and irrigation in Mountain Province; act 2548 provides 50,000 pesos for immunization; act 2598 gives 10,000 pesos for Junta de Productos del Coco; act 2613 appropriates 15,000 pesos for the foment of tobacco; act 2651 adds 25,000 pesos for immunization

ACTS CARRYING APPROPRIATIONS PASSED BY THE PHILIPPINE LEGISLATURE OR THE
PHILIPPINE COMMISSION ALONE FROM APRIL 3, 1915, TO FEBRUARY 24, 1916

	Number of act	Amount carried	Object
		(pesos)	
1	2519	12,000	Lepanto trail
2	2521	2,500	Publicity for forest study in Agusan Valley
3	2523	20,000	Locusts and rinderpest in Mountain Province, Nueva Vizcaya, Mindanao and Sulu
4	2524	15,000	Roads and bridges in Nueva Vizcaya
5	2525	10,000	Cholera in Mindanao and Sulu
6	2526	35,000	Agriculture, industry, health and irrigation in Mountain Province
7	2529	10,000	For Baguio Fair
8	2531	1,000,000	Education in non-Christian parts
9	2534	Not fixed	For destructions made by baguios
10	2535	15,000	For repairs in Benguet Road
11	2540	25,468,913	General appropriation bill
12	2542	52,000	Repair Naguillian Baguio Road for 1916
13	2543	1,458,491	Appropriation for Mindanao and Sulu
14	2546	16,000	For Hotel Pines, Baguio
15	2547	269,311	Current expenses for Mountain Province and Nueva Vizcaya
16	2548	50,000	For immunization
17	2550	Not fixed	For obligations of friar lands
18	2575	2,000	For creation of fiscalship in Palawan and other purposes
19	2583	2,621,000	Permanent improvements
20	2596	100,000	Aid to young industries
21	2598	10,000	For Junta de Productos del Coco
22	2607	2,500,000	Deposits in Commercial Bank for Agricultural Loans
23	2610	49,145	Judiciary deficiency bill during 1916
24	2611	118,883	Deficiency bill for other governmental office for 1916 (Total deficiency 168,027.59 pesos)
25	2612	2,300,000	Part payment for National Bank
26	2618	15,000	Foment of tobacco
27	2623	10,000	Conservatory of Music
28	2624	Not determined	To pay interest on bonds
29	2625	Not determined	For amortization of bonds
30	2632	7,500	For schools in Mountain Province
31	2633	1,000,000	To combat infant mortality
32	2637	10,000	Exhibition at Formosa
33	2638	71,000	"Reimbolso" of land taxes in baguio-ridden province
34	2649	10,000	For forest reserve purposes
35	2651	25,000	For immunization
36	2652	Not fixed	Loans for irrigation purposes
37	2659	2,250	For police quarters, Mountain Province
		88,341,993	

funds provided in act 2548; act 2652 provides for loans for irrigation purposes. All these acts refer to the development of agriculture, and should be grouped together in one bill under that heading. They were

undoubtedly drafted by different persons who might not have the same ideas as to the way the agricultural development should be carried on. It is likely that some of these bills are at cross purposes with other bills on the same subject.

Such was, in brief, the system of government finance in vogue prior to the Jones law. There was no attempt on the part of the Filipinos to adopt a budget system, for there was no responsible executive to frame it. All executive posts were filled by appointment by the President of the United States or the Governor-General without the consent of any representative Filipino body.

There was no centralized responsibility in the preparation and submission of estimates. Every little bureau was a department by itself, prepared its own estimate, and sent it to the legislature through the Executive Secretary. There was no coördination, each bureau tried to get as much as it could. There was no financial secretary to clip the wings of over-ambitious bureaus obsessed with self-importance. The result was an extravagant, top-heavy bureaucracy, an unnecessary duplication of work and activity.

But the coming of the Jones law did not immediately solve the problem. As stated elsewhere, the law did not provide for a budget system, and there were some who doubted whether it could be made possible under its provision. Section 21 of the law states that: "The Governor-General shall submit to the Philippine legislature within ten days of the opening of each regular session a budget of receipts and expenditures, which shall be the basis of the annual appropriation bill."

This provision and the fact that the Governor-General still retained, according to law, supreme executive power, created in the minds of some the doubt as to whether the executive could be entrusted with the framing of the budget. The establishment, however, of a popular cabinet largely responsible to the legislature overcame the objection.

But there was another difficulty. Under section 21 of the Jones law referred to above, it is the Governor-General who is to submit a "budget of receipts and expenditures." Should he therefore draft the budget or should the cabinet draft it? In the latter case, the legislature might not be willing to give up its prerogative of preparing financial measures. Again Governor-General Harrison came to the rescue, and following the generous spirit of the Jones law delegated to the cabinet the formulation of the budget. The old practice of having bureau chiefs prepare and submit their estimates was changed. Their estimates must now go to the department head for revision.

The Governor-General then in a message sends the budget as prepared by the cabinet to the legislature for approval or rejection.

Before the preparation of the budget, a general line of policy is first agreed upon by the cabinet in a meeting in which the presiding officers of both houses are also present. Once the general policy is agreed upon, a circular is sent in July to all offices and bureaus requesting them to send in their estimates, which should include the possible receipts and the proposed expenditures for the coming year. These estimates are made under the supervision and control of the department heads who have the power to cut down or add items. These different estimates are then submitted by the department heads to the Secretary of Finance not later than August 20 of every year. The main work of the Department of Finance is to coördinate the different departmental estimates in accordance with the general plan agreed upon at the cabinet meeting. It often happens that a certain item submitted by a departmental head is already duplicated by another item from a different department. Any conflict between a departmental head and the Secretary of Finance is submitted to the cabinet for decision. The final budget is approved at the meeting of the cabinet in which the presiding officers of the houses attend.

The presence of the presiding officers in the cabinet meetings must be explained. The reason is that the two most prominent Filipino leaders in the government are not cabinet members, but are the presiding officers of both houses. In order therefore to fortify the position of the budget in the legislature, the informal concurrence of the presiding officers became necessary. This rather anomalous arrangement has been done away with, with the creation of the Council of State, composed of the cabinet members and the presiding officers of both houses. Henceforward the budget will be made by the Council of State and not the cabinet.

Once the budget is definitely approved by the cabinet, or the Council of State, as will be the case in the future, the Governor-General submits it with a message to the legislature. The message is read by the Secretary of Finance in a joint session of the legislature. The lower house, by agreement with the upper, is the first one to take up the budget. It sets out a date for the appearance of the Secretary of Finance to explain the details of the budget and to answer all questions propounded by the members. This appearance usually lasts five days and full opportunity is given the minority party to discuss the several items of the bill. To explain further the details of the budget, the individual departmental secretaries may be called, although this is not

often resorted to, the Secretary of Finance generally assuming responsibility of the whole budget. It is the general rule in the discussion of the budget that the legislature may diminish the estimates, but may not increase them. Once the budget is approved in principle, it is sent to the Committee on Appropriations with instructions to draft the appropriation bill in accordance with the budget. This committee again examines the different items of the budget, then frames and submits its appropriation bill. The committee generally follows the instructions of the house and suggests in its bill only those changes that are absolutely necessary. Once the appropriation bill is approved by the house, it is sent to the senate, where the Secretary of Finance again appears to explain the different items contained therein. The general tendency of the senate is to act as a sort of arbitrator in the difference between the cabinet and the house.

The financial plan of the executive or Council of State does not cover all the proposed financial activities of the government. In its plan it usually leaves a surplus for the legislature to appropriate the way it pleases. This takes the form of new ventures and activities, like the recent creation of the National Development Company.

The system is conceded by friends and foes as a decided improvement over the old one. It is considered one of the greatest achievements of the Filipino people during the three years of Philippine autonomy. It has placed the Philippines, to use the words of Governor-General Harrison, "among the foremost progressive nations in fiscal legislation."

But it is not only the system of finance that has been changed and placed on a scientific basis. We may have the safest safe in the world, but if we have nothing to put in it it will not help us any. The Philippines have improved both the financial system and the finances. In 1918 Governor Harrison spoke of two and a half millions of deficit yearly. At the end of 1918 there was a surplus of nearly 40,000,000 pesos in the insular treasury. Our national debt is only \$26,000,000, and ample sinking funds have been provided for its redemption.

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University of the Philippines.

MICHIGAN BUDGET COMMISSION OF INQUIRY. The Michigan legislature, in 1917, appointed a commission to seek out possible economies in state expenditure and to formulate a budgetary system for the state government. Its report (*Report of the Michigan Budget Commission of Inquiry*, Lansing, 1918, pp. 277) consists chiefly, as far as pages are

concerned, of the record of hearings at which the various state officers were questioned about the operation of their departments. In this record there is ample evidence to support the conclusions of the commission that considerable duplication of services existed and that an adequate system of accounting and control was lacking in many if not most of the departments. Accordingly it has recommended the centralization of the audit and control of the expenditures in a single state office and the passage of a compulsory uniform accounting law applicable to state and county offices alike.

The conclusions of the commission concerning the appropriation of funds by the legislature differ in no important particulars from those arrived at by similar commissions in other states. Political and personal influence rather than excellence of administration and public need have been too potent in determining the amounts of money granted many of the departments of the state government. Custom, politics, and easy-going business methods ruled in the application of funds. For the correction of these abuses the commission recommends a mild type of executive budget. Its plan as embodied in a proposed statute provides for the formulation of a scientific budget by the governor. The action of the legislature in considering this budget is not limited, however, as in Maryland and Utah, to reducing or striking out items. It may, as far as the commission's plan is concerned, increase or make additions. The plan thus resembles the scheme in use in California, and those who observed its operation in that state during the last session of the legislature can testify that it is not proof against the abuses of which the Michigan commission complains. Under the leadership of a governor who stood for economy in the conduct of public business and who commanded a majority of the legislature, good results were obtained. At the last session of the legislature extravagant appropriation bills in excess of the recommendations of the Board of Control again exhibited the weakness of any scheme that allows the legislature to increase the amount provided for in the executive estimates.

F. B. GARVER.

The Fourth Biennial Report of the Arizona State Tax Commission (Phoenix, Dec. 31, 1918, pp. 146) describes the departure made by the tax commission during the past two years in its assessment of intangible values.

The Report of the Proceedings of the Eighteenth Annual Conference

of the *State Board of Tax Commissioners and the County Assessors of Indiana, 1919*, has been printed (Indianapolis, pp. 157).

The *Sixth Biennial Report of the Minnesota Tax Commission* (Minneapolis, 1918, pp. 329) contains chapters on the taxation of telephone companies, taxation of banks, cost of government in Minnesota, and mines and minerals.

The *First Biennial Report of the State Tax Commission of Missouri* presents a *Budget* for the years 1919-1920 (Columbia, pp. 159).

There has also been issued *Executive Budget of Ohio* together with the budget commissioner's report of revenue and expenditures, 1919-1920 (Columbus, pp. 229).

A compilation has been made of the *Tax Laws of the State of New Jersey* (Trenton, State Board of Taxes and Assessment, pp. 293).

A compilation has also been made of the *Virginia Tax Laws, 1918* (Richmond, Auditor of Public Accounts, 1918, pp. 246).

Number 6, volume 3, of the series of bulletins on *State Finances*, published by Hudson M. Travis, state comptroller of New York, is devoted to questions and answers on the income tax (Albany, pp. 24).

Bulletin 582 of the New York Tax Reform Association deals with *Tax Reform Legislation in the State of New York, 1919* (New York, 29 Broadway, pp. 4).

The Advisory Council of Real Estate Interests has prepared a little pamphlet on *Retrenchment, Taxation and Tax Limitation in New York* (L. D. Woodworth, secretary, 55 Liberty St., New York, pp. 10).

Other documents dealing with taxation are as follows:

Seventh Annual Report of the Colorado Tax Commission, 1918 (Denver, pp. 166).

First Annual Report of the Kentucky State Tax Commission, 1918 (Frankfort, 1919, pp. 118).

Biennial Report of the Nevada Tax Commission, 1917-1918 (Carson City, 1919, pp. 49).

Fifth Biennial Report of the State Tax Commission of Oregon, 1919 (pp. 78).

Emergency Tax Laws of South Dakota, 1919 (Pierre, 1919, pp. 15).

Biennial Report of the Commissioner of Taxes of Vermont, for the term ending June 30, 1918 (Montpelier, pp. 166).

Demography

The Division of Negro Economics of the federal Department of Labor has issued a study on *Negro Migration in 1916-17* containing reports by R. H. Leavell, T. R. Snively, T. J. Woofter, Jr., W. T. B. Williams, and Francis D. Tyson. Special inquiry has been made in regard to negro migration from Mississippi and Georgia as well as other southern states, and the negro migrant in the North.

The Bureau of the Census has published as bulletin 138, *Estimates of the Population of the United States, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917*, including results of state enumerations made in 1915 (Washington, 1918, pp. 57).

This bureau has also issued a special report on *Marriage and Divorce* under date of October 19, 1918 (Washington, pp. 47). This report is based on the statistics for the year 1916 only and represents the first collection made by the bureau since the publication of the report of 1909.

Insurance and Pensions

The United States Employees' Compensation Commission has made its *Second Annual Report*, for the period from July 1, 1917, to June 30, 1918 (Washington, pp. 286).

The Bureau of Labor Statistics has published, as bulletin number 240, *Comparison of Workmen's Compensation Laws of the United States up to December 31, 1917*, by Carl Hookstadt (May, 1918, pp. 106).

The United States Department of Agriculture, in bulletin number 786, has made a brief study of the *Prevailing Plans and Practices among Farmers' Mutual Fire Insurance Companies*, by V. N. Valgren (pp. 15).

The Insurance Department of the State of New York has made a report on an investigation of the *Practices of Marine Insurance Companies, Agents and Brokers*, in transacting the business of marine insurance (Albany, Dec. 2, 1918, pp. 32).

The *Sixtieth Annual Report of the Superintendent of Insurance of the State of New York* covers transactions of the calendar year, 1918 (Albany, 1919): Preliminary Text and Tables (pp. 59); Statistical Tables (pp. 20).

The Ohio Health and Old Age Insurance Commission has prepared a

summary of its findings, recommendations, and dissenting opinions in a pamphlet on *Health Insurance and Old Age Pensions* (Columbus, Jan., 1919, pp. 23).

The *Sixteenth Biennial Report of the Department of Labor and Industries of Minnesota, 1917-1918* (pp. 187) devotes considerable attention to workmen's compensation.

The *Report of the Social Insurance Commission of California*, made under date of March, 1919, is of more than usual interest. In making the investigation the services of Dr. Woods Hutchinson were secured and the report contains a special study made by Dr. Hutchinson on medical administration of health insurance (pp. 28-35). The appendix contains digests of the British health insurance law and of several reports on administration of national health insurance between 1912 and 1917.

The National Board of Fire Underwriters has published the *Report of the Committee on Statistics and Origin of Fires* (New York, May 22, 1919.) This contains exhaustive statistical tables.

The address of F. C. Buswell, president of the National Board of Fire Underwriters, made at the fifty-third annual meeting on May 22, 1918, has been printed as a separate. It contains a chart of loss ratio for 59 years, showing the movement of net fire losses incurred to net fire premiums written.

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Arthur N. Young)

- BELL, H. *Capital: its rights and responsibilities*. Trans. Manchester Stat. Soc., 1917-1918. Pp. 20. A conventional defense of the existing methods of distribution.
- CAMP, W. R. *Limitations of the Ricardian theory of rent*. II. Pol. Sci. Quart., Dec., 1918. Pp. 29. A study of the theory in the light of economic evolution, with special reference to the effects of the development of transportation.
- DAVENPORT, H. J. *Wage theory and theories*. Quart. Journ. Econ., Feb., 1919. Pp. 41. Analysis of the relations between the productivity and other theories. Urges the increase of productivity through eliminating waste and exploitation.
- FEIS, H. *Organization, distribution, and wages*. Am. Econ. Rev., Sept., 1919. Pp. 14.
- FOREMAN, C. J. *Theories and tests of monopoly control*. Am. Econ. Rev., Sept., 1919. Pp. 20.
- FRIDAY, D. *Maintaining productive output—a problem in reconstruction*. Journ. Pol. Econ., Feb., 1919. Pp. 9. Suggests governmental intervention to minimize risks of business enterprise, believing that enlarged production during the war was due largely to arrangements which minimized the producer's risk of loss.
- HALBWACHS, M. *Le traité de sociologie générale de M. Vilfredo Pareto*. Rev. d'Econ. Polit., Sept.-Dec., 1918. Pp. 3.
- MCGOWN, A. F. *The taxation of luxuries and the rate of interest*. Quart. Journ. Econ., Feb., 1919. Pp. 23. Taxation of luxuries would tend to reduce the normal rate of interest through increasing the supply of capital.
- NORTON, J. E. *International trade and prices*. Quart. Journ. Econ., Feb., 1919. Pp. 5. A discussion of the effects of borrowing transactions between countries.
- PIGOU, A. C. *Government control in war and peace*. Econ. Journ., Dec., 1918. Pp. 10. A study of governmental control of production rationing of supplies, and price fixing.
- THÖRNBERG, E. H. *Konsumtionen och dess plats inom nationalekonomien*. Ek. Tids., Feb., 1919. Pp. 10. A theoretical presentation of the relation of consumption to the national economy—emphasizes its importance.

Economic History, United States

(Abstracts by E. L. Bogart)

- BRADLEE, F. B. C. *Some account of steam navigation in New England*. Essex Inst., Apr., 1919. Pp. 15. The continuation of the article commenced in the earlier issues, full and descriptive of the different boats, their routes, etc.
- BOUCHER, J. N. *Early transportation*. Americana, Apr., 1919. Pp. 35. A descriptive and illustrated account of turnpike road, canal, and early transportation facilities.
- CONGER, J. L. *South Carolina and the early tariffs*. Miss. Valley Hist. Rev., Mar., 1919. Pp. 21. Traces the changing and conflicting interests of the three different sections in the state—the coast, the back country, and the interior cotton area.
- COTTERILL, R. S. *Early agitation for a Pacific railroad, 1845-1850*. Miss. Valley Hist. Rev., Mar., 1919. Pp. 20. An account of Asa Whitney's early project.
- COULTER, E. M. *Commercial intercourse with the confederacy in the Mississippi Valley, 1861-1865*. Miss. Valley Hist. Rev., Mar., 1919. Pp. 20. An account of trading with the enemy, which was little restricted by legislation.
- UPHAM, G. B. *The Connecticut River: a great highway*. Americana, Apr., 1919. Continuation of earlier article.
- MILLER, B. J. *Mineral monopolies of the Americas*. Pan Am. Union, June, 1919. Pp. 23. A continuing history of mineral monopolies, very much in detail, which will be continued in later issues of the periodical.
- Indians in the Great Lake regions*. Geog. Rev., Nov., Dec., 1918.
- Peanuts in America*. Pan Am. Union, Jan., 1919. Pp. 12. A history of the peanut industry in North and South America, from its beginning, with information on its volume, etc.

Economic History, Foreign

- ARNOLD, J. *China's industrial and commercial outlook*. Econ. Wld., May 24, 1919. Pp. 4.
- BILLET, P. *L'empire russe depuis 1917*. Réf. Soc., Feb., 1919. Pp. 10.
- CARIATI, A. *Problemi economici dell' Italia alla conferenza di Parigi*. Giorn. d. Econ., Mar., 1912. Pp. 20.
- CRAMMOND, E. *The economic outlook*. Journ. Inst. Bankers, May, 1919. Pp. 16.
- EVESQUE, M. *Notice générale sur la richesse industrielle de l'Alsace-Lorraine*. Journ. Soc. Stat. de Paris, Apr., 1919. Pp. 7.
- GIBBONS, H. A. *The industrial effort of France during the war*. Harpers, June, 1919.
- HELANDER, S. *Lyzkonsumtionen under Kriget*. Ek. Tids., Nov., 1918. Pp. 16. Compares the use of luxuries before and during the war in Sweden; finds that more of those available were used at much higher prices.

- HORWITZ, A. *Vordensparallelles. Moderne Samfundsproblemer*. Nat. ök. Tids., Jan.-Feb., 1919. Pp. 37. A comparative study of the ideas of leaders of world thought on questions of modern social problems.
- JANNACCONE, P. *La ricchezza nazionale e il costo economico della guerra*. Rif. Soc., Mar.-Apr., 1919. Pp. 37. A study of the importance of the various factors increasing or decreasing national wealth during a time of war.
- KAARSEN, A. C. *Produktions- og Ernæringsforhold i Ententelandene*. Nat. ök. Tids., Jan.-Feb., 1918. Pp. 101. This is the third of a series of noteworthy articles discussing the economic and food conditions in the allied countries (including the United States) giving statistics as to production, transportation, and commerce.
- KNOWLES, L. *New light on the economic causes of the French Revolution*. Econ. Journ., Mar., 1919. Pp. 24.
- MARSTRAND, E. *Tyskland som Industrierstat*. Nat. ök. Tids., Mar.-Apr., 1919. Pp. 41. This article treats of Germany as an industrial state before and during the war, citing many German sources. The author believes that the war has broken off the old line of industrial development and that the outlook for the future is dark for Germany.
- DE NOUVIN, G. *La situation économique et financière du Japon en 1917-1918*. Journ. des Econ., Mar., 1919. Pp. 490.
- After-war economic conditions in France*. Mo. Lab. Rev., Apr., 1919. Pp. 7.

Agricultural Economics

(Abstracts by A. J. Dadisman)

- BENTON, A. H. *Farm tenancy and leases*. Minn. Sta. Bull. 178 (1918), Dec., 1918. Pp. 33. A consideration of the rental systems and lease contracts now in use in Minnesota, with forms of farm leases and tables showing tenant's and landlord's costs of producing the principal farm crops.
- CALVERT, H. *The price of land in the Punjab (India)*. Indian Journ. Econ., Dec., 1918. Pp. 11. A discussion of the reasons for the rise in land values in the Punjab.
- CURRIER, E. L. *The cost of growing wheat on typical non-irrigated areas in Montana*. Montana Sta. Bull. 122 (1918), Jan., 1918. Pp. 21. A study of the farm practice and cost of growing wheat in Montana.
- DAVENPORT, H. J. *Farm products and cost accounting*. Journ. Pol. Econ., May, 1919. Pp. 8. An examination of the prices received by the farmer for his produce.
- GALPIN, C. J., and HOAG, E. F. *Farm tenancy*. Wis. Sta. Research Bull. 44 (1919), Feb., 1919. Pp. 18. An analysis of the occupancy of 500 Wisconsin farms from 1909 to 1918; eighteen tables.
- MCPHERSON, J. B. *Productive sheep husbandry*. Bull. Nat. Assoc. Wool Mfrs., Apr., 1919. Pp. 11. A brief review of *Productive Sheep Husbandry*, by W.

C. Coffey, pointing out the value of the book to sheep raisers and wool growers.

MARENGHI, E. *L'impiego delle macchine in agricoltura*. Giorn. d. Econ., Mar., 1919. Pp. 7.

O'BYRNE, G. J. E. *The relative prices of food grains (in India)*. Indian Journ. Econ., Dec., 1918. Pp. 14. A discussion of relative prices of food grains based upon food values.

REW, SIR R. HENRY, and others. *The present position of farmers' coöperation in England and Wales*. Intern. Rev. Agric. Econ., Mar., 1919. Pp. 6. A review of the important types of coöperative organizations, with a summary of the further needs for coöperation.

ROBERTSON, G. *Area, farms, and farm lands (of California)*. Stat. Rept. Cal. Bd. Agr., 1917. Pp. 19. A statistical study of farms and farm lands in California, with tables.

RUSSELL, T. W. *Twenty years of agricultural development in Ireland, 1899-1919*. Journ. Agri. and Tech. Instr. (Ireland), 1919. Pp. 15. An address in which the author traces very clearly the extension and development of agriculture in Ireland.

TAYLOR, H. C., and MENDUM, S. W. *War prices and farm profits*. Wis. Sta. Bull. 300 (1919), Mar., 1919. Pp. 18. A popular farm management bulletin, based on sixty survey records for each of five years.

Agricultural conditions and land tenure in Victoria. Intern. Rev. Agric. Econ., Nov.-Dec., 1918. Pp. 10. A summary of agricultural development and a study of tenure and utilization of agricultural land.

Agricultural wages and the increase in the cost of living. Intern. Rev. Agric. Econ., Oct., 1918. Pp. 10. A summary of the movement of agricultural wages with causes for the changes and the cost of living from 1912 to 1915 in Argentine Republic.

Belgium: The work of the "Börendbond" (Peasants' League) in 1917. Intern. Rev. Agric. Econ., Mar., 1919. Pp. 15. A statement of the general character of the work of the "Börendbond" and the activities of each section with special emphasis on the central credit bank.

Credit for land settlement. Intern. Rev. Agric. Econ., Oct., 1918. Pp. 6. An outline of the government plan of making loans to settlers in New Zealand.

Great Britain and Ireland: Women and agriculture in Great Britain. Intern. Rev. Agric. Econ., Apr., 1919. Pp. 9. The status of women in agricultural work before the war, their training and work during the war and prospect for continuing the work.

Profit sharing in agriculture. Edinburgh Rev., Jan., 1919. Pp. 18. A very good argument in favor of profit sharing in agriculture.

Statistics for 1916 of agricultural coöperation in the United Kingdom. Intern. Rev. Econ., Jan.-Feb., 1919. Pp. 18. A summary of the reports of the four classes of agricultural coöperative societies, largely given in tables.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

- ACWORTH, W. M. *Transport reconstruction*. Edinburgh Rev., Jan., 1919. Pp. 20. Review of reports of Select Committee on Transport. Depreciates development of canals and light railways.
- ALLIX, G. *Les chemins de fer de l'Etat et la crise des transports*. Journ. des Trans., June 14, 1919. Pp. 4.
- ALLIX, G. *Un plaidoyer pour la nationalisation des chemins de fer*. Journ. des Trans., Apr. 5, 1919. Pp. 3.
- ALLIX, G. *Le prix des transports et la vie économique d'un pays. Au Brésil*. Rev. Pol. et Parl., May 10, 1919. Pp. 19.
- ALLIX, G. *Le réseau de l'Etat en 1917*. Journ. des Trans., May 24, 31, 1919. Pp. 3, 8.
- ALLIX, G. *Les résultats de 1918*. Journ. des Trans., Apr. 12, 19, 26, 1919. May 3, 10, 17, 1919. Pp. 4, 5, 5, 4, 5, 5.
- ALLIX, G. *Vie chere et crise de transports*. Journ. des Trans., Mar. 15, 22, 1919. Pp. 4.
- ANTHONY, C. C. *What does it cost to stop a tonnage train?* Ry. Age, May 3, 1919. Pp. 3.
- BAKER, J. E. *The league and China's railways*. New Repub., May 10, 1919. Pp. 3.
- BIKLÉ, H. W. *State power over interstate railroad rates during federal control*. Harvard Law Rev., Feb., 1919. Pp. 16.
- BOUBLIKOFF, A. A. *Russia as a field for American railway genius*. Ry. Age, June 27, 1919. Pp. 4.
- BROWNE, J. H. B. *Ministry of ways and communications*. Fortn. Rev., June, 1919. Pp. 14. Analysis of British transport bill.
- CUMMINS, A. B. *The railway problem*. Rev. Revs., July, 1919. Pp. 6. Advocates consolidation of railways into a few well-balanced systems, and a government guarantee of return upon value of property.
- CUMMINS, A. B. *Our waiting railways*. Nation's Business, June, 1919. Pp. 3.
- ELLIOTT, H. *A live and let live railroad policy*. Forum, June, 1919. Pp. 11.
- FAYANT, F. H. *The government and the railroads*. Unpop. Rev., April-June, 1919. Pp. 18.
- GRAY, C. R. *The operation of federalized railways under war conditions*. Proc. St. Louis Ry. Club, May 9, 1919. Pp. 16.
- HENDERSON, G. C. *Our insolvent railroads*. New Repub., July 2, 1919. Pp. 3.
- HENRY, P. W. *Railroads of Bolivia*. Proc. N. Y. Railroad Club, May 16, 1919. Pp. 8.
- HINES, W. D. *A frank talk on railroad labor questions*. Ry. Age, May 30,

1919. Pp. 3. Abstract of address by Director General of Railroads before the railway conductors.

HOUARD, G. *La réorganisation des voies navigables*. Je Sais Tout, May 15, 1919. Pp. 4.

JACKMAN, W. T. *The Canadian railway situation and the national debt of the Dominion*. Econ. Wld., May 17, 1919. Pp. 5. Advisability of nationalizing the Grand Trunk and Grand Trunk Pacific.

KELWAY-BAMBER, H. *The carriage of coal by rail in India*. Ry. Gaz. (London), Apr. 4, 11, 18, 1919. Pp. 4, 4, 3.

LEE, E. H. *How operating capacity can be increased*. Ry. Age, July 4, 1919. Pp. 4. Improve intermediate transfer roads.

LIPETZ, A. I. *General railway situation in Russia*. Proc. N. Y. Railroad Club, May 16, 1919. Pp. 6.

MCCHORD, C. C. *Flagging and its relation to railroad accidents*. Ry. Age, June 20, 1919. Pp. 3.

MCNAMAMY, F. *Standardization of railway equipment*. Ry. Rev., July 5, 1919. Pp. 3.

MAGEE, J. D. *What shall we do with the railroads?* Journ. Pol. Econ., May, 1919. Pp. 25. Reviews proposals made for solution of railway problem.

MIDDLETON, P. H. *A trip over the railway lines of Mexico*. Ry. Age, May 30, June 20, 1919. Pp. 5, 4. Illustrated.

NAGEL, R. *Die Königlich Ungarischen Staatsbahnen im Jahre 1914-15*. Archiv f. Eisenbahnw., Mar.-Apr., 1918. Pp. 12.

NAY, F. *Corporate accounting during federal control*. Ry. Age, June 30, 1919. Pp. 4.

NEYMARCK, A. *Les chemineaux de l'épargne*. Journ. Soc. Stat. de Paris, Mar., 1919. Pp. 23. Statistics and distribution of French railway securities.

NEYMARCK, A. *Les émissions et remboursements d'obligations de grandes compagnies de chemins de fer en 1918*. Journ. des Trans., Mar. 15-22, 1919. Pp. 4.

PAYEN, E. *Les compagnies francaises de chemins de fer en 1918*. L'Econ. Franç., May 17, 24, 1919. Pp. 3, 3. Discussion of the principal systems.

PEEK, G. N. *The industrial board of the department of commerce*. Ry. Age, May 2, 1919. Pp. 2. Review of controversy with U. S. R. R. Administration over prices.

PLUMB, G. E. *The human factor in railway operation*. Searchlight, July, 1919. Pp. 2.

PLUMMER, H. C. *Industrial influence of waterways*. Indus. Manag., May, 1919. Pp. 6.

REA, S. *What railroad plan should the country adopt?* Ry. Age, May 9, 1919. Pp. 5.

- REID, W. A. *The railways of Uruguay*. Ry. Rev., Apr. 19, 1919. Pp. 4. Illustrated.
- RHEA, F. *The economic aspects of the control of North China*. Ry. Age, May 9, 1919. Pp. 2. With especial reference to Japanese control of the Shantung peninsula.
- ROEHLING, K. *Der gesetzliche Achstunden-Arbeitstag des Zugpersonals der Vereinigten Staaten von Amerika, ein lohntechnischer Begriff*. Archiv f. Eisenbahnw., May-June, 1917. Pp. 34. The trainmen's drive for the eight-hour day in 1916.
- SCHMUCKLER, J. H. *Railway terminal bonds*. Mag. of Wall St., June 21, 1919. Pp. 4.
- British railway accounts for 1918*. Ry. Gaz. (London), Apr. 18, 1919. Pp. 3.
- C. C. McChord on the railroad problem. Traffic World, June 7, 1919. Pp. 6.
- Chinese railways in 1918*. Far Eastern Rev., May, 1919. Pp. 4. Preliminary report.
- Compilation of operating statistics reports*. Ry. Age, June 6, 1919. Pp. 8. The machinery of compilation.
- Esch-Pomerene bill to increase commission's powers*. Ry. Age, June 6, 1919. Pp. 4.
- European train speeds*. Ry. Gaz. (London), Jan. 17, 24, 31, Feb. 14, Mar. 7, 14, Apr. 4, 18, May 16, June 13, 1919. Pp. 6, 8, 5, 6, 5, 3, 3, 4, 3, 3. Series to be continued.
- Historical sketch of the Brotherhood of Locomotive Firemen and Engineers*. Broth. Loco. Firemen & Engrs. Mag., June 1, 1919. Pp. 9.
- The powers of the Board of Trade*. Ry. Gaz. (London), May 23, 1919. Pp. 3. With special reference to railway control.
- Problems of railway administration and operation*. Ry. Gaz. (London), May 16, 1919. Pp. 2.
- The railroad development of the Argentine*. Ry. Age, Apr. 18, 25, 1919. Pp. 5, 4. With map and illustrations.
- The railroads in Canada*. Traffic World, June 21, 1919. Pp. 5. Report of committee of Canadian Manufacturers Association.
- Railwaymen and the army*. Ry. Gaz. (London), May 23, 1919. Pp. 3. British railways released 184,475 employees to the colors.
- Railways and canals: some transport problems*. Ry. Gaz. (London), Apr. 25, 1919. Pp. 2. Great Britain can never become a first-class canal country.
- Railway working during the war*. Ry. Gaz. (London), May 16, 1919. Pp. 2. Allowing for government traffic, British railways nearly earned their guarantee through 1918.
- The results of British railway operation under government control*. Econ. Wld., June 21, 1919. Pp. 2.

- Select committee on transport.* Ry. Gaz., (London), Apr. 18, 1919. Pp. 3.
Mr. A. W. Gattie on the "new transport" scheme of loading and unloading.
- Statistics of Chinese government railways.* Far Eastern Rev., May, 1919. Pp. 3. For the year 1916.
- What to do with the railroads.* Nation's Business, June, 1919. Pp. 4. Report of Railroad Committee, United States Chamber of Commerce.
- Les chemins de fer des Etats-Unis d'Amérique son l'administration fédérale et après la conclusion de la paix.* Bull. Trans. Intern. pour Chemins de Fer, Mar., Apr., May, 1919. Pp. 7, 8, 6.
- Die Eisenbahnen des Deutschen Reichs, 1914 bis 1916.* Archiv f. Eisenbahnw., July-Aug., 1918. Pp. 8.
- Die Eisenbahnen der Schweiz im Jahre 1916.* Archiv f. Eisenbahnw. Nov.-Dec., 1918. Pp. 110.
- Die Königlich sächsischen Staatseisenbahnen in den Jahren 1915 und 1916.* Archiv f. Eisenbahnw., July-Aug., 1918. Pp. 12.
- Die schweizerischen Bundesbahnen im Jahre 1916.* Archiv f. Eisenbahnw., May-June, 1918. Pp. 9.
- Die vereinigten preussischen und hessischen Staatseisenbahnen im Rechnungsjahr 1915.* Archiv f. Eisenbahnw., May-June, 1917. Pp. 22.
- Die vereinigten preussischen und hessischen Staatseisenbahnen im Rechnungsjahr 1916.* Archiv f. Eisenbahnw., May-June 1918. Pp. 21.

Commerce

(Abstracts by H. R. Tosdal)

- AFTALION, A. *La politique française en matière d'importation pendant la guerre.* Rev. d'Econ. Polit., Mar., Apr., 1919. Pp. 25. A review of French commercial policy during the war, emphasizing the prohibitions of import, their operation and their effects.
- BERGLUND, A. *The iron-ore problem of Lorraine.* Quart. Journ. Econ., May, 1919. Pp. 23. Excellent study of iron ore resources in the Lorraine district and of the problems which arise through the terms of the peace treaty.
- BOEG, N. V. *Betydningen af vor Handelsforbindelse med de Forenede Stater.* Nat. øk. Tids., Mar.-Apr., 1919. Pp. 20. Emphasizes the need in Denmark for a closer commercial relationship with the United States.
- COSTIGAN, E. P. *Legislative restrictions on dumping.* Nat. Accept. Journ., June, 1919. Pp. 5. After a brief description of the anti-dumping statutes in Canada, Australia, and New Zealand, a revision of our statutes in the direction of making dumping clearly an unfair method of competition is advocated.
- COUSIN, J. *Le commerce extérieur de la France pendant les dernières années de la guerre.* L'Econ. Franç., Mar. 22, 1919. P. 1. Statistical study of the increased importation and decreased exportation of the war period.
- GLASSOFF, V. *Les relations commerciales germano-russes et l'avenir.* Rev.

- d'Econ. Polit., Mar., Apr., 1919. Pp. 10. Resumé of German commercial relations with Russia, especially since 1879, showing the large part played by Germany in Russian national economy. Advocates economic assistance on the part of the Allies, in order that the backward industry of Russia may not cause her to return to her dependence upon Germany.
- HANEY, L. H. *Price fixing in the United States during the war*. I, II. Pol. Sci. Quart., Mar., June, 1919. Pp. 23, 26. (1) Deals with the scope and period of price fixing, the agencies utilized for price fixing, and their powers, and the methods adopted. (2) A critical study of the activities of the principal price-fixing agencies, analyzing their activities from the viewpoint of economic theories of value. A third article will follow.
- IDEN, V. G. *Americans build foreign plants*. Iron Trade Rev., Feb. 20, 1919. Pp. 4. Discussion of opportunities for American enterprises and capital.
- LECARPENTIER, G. *Le commerce franco-anglais et son avenir*. L'Econ. Franç., Apr. 12, 1919. Pp. 2. First of a series of articles analyzing statistically the commerce of Great Britain with France.
- PAYEN, E. *Le jute: sa production, son marché et ses prix*. L'Econ. Franç., Apr. 26, 1919. Pp. 2. Shows clearly the narrow range of sources of jute supply and the course of the market during 1918.
- PAYEN, E. *Le marché du caoutchouc en 1918*. L'Econ. Franç., Mar. 15, 1919. Pp. 2. Examines the crude rubber market of 1917 and looks for maintenance of production and prices.
- ROULAND, E. *Le chrome: sa production et ses emplois*. L'Econ. Franç., May 3, 1919. P. 1. Shows statistically the development of commerce since 1910 in this metal, important as an alloy of iron and in tanning processes.
- DE ROUSIERS, P. *La reorganization de nos ports de commerce*. Bull. de la Soc. d'Encouragement pour l'Industrie Nationale, 1918. Discusses the reorganization of French port facilities, the scope of which has so enormously increased since 1913.
- Commercial awakening in the Philippines*. World's Markets, Apr., 1919. Pp. 5. It is claimed that native capital is being invested more freely in local enterprises than formerly.
- Le commerce d'exportation: les organismes dont on veut le doter, les véritables conditions de son développement*. L'Econ. Franç., May 10, 1919. Pp. 2. Proposal to increase greatly the scope of activity of foreign commerce, but asserts that there are more fundamental matters to be changed before French foreign commerce can again flourish.
- New York a center for the furniture industry*. Greater New York, Mar. 31, 1919. Pp. 4. Inquiry made by the Merchants' Association of New York shows that the city offers advantages in development of markets in the vicinity, as well as Pacific coast and foreign markets.
- Sixth national foreign trade convention*. World's Markets, May, 1919. Resumé of principal addresses.
- Trading with China*. Guaranty News, May, 1919. Pp. 8. A partial reprint of

a popularly written description of methods necessary for transaction of business with China.

Accounting

(Abstracts by Martin J. Shugrue)

- DRAUGHON, W. H. *Insurance expense accounting*. Journ. Account., July, 1919. Pp. 9. Describes a convenient insurance record which shows the total amount of insurance in force at all times, the correct amount of premiums to be charged to expense each month, and the exact amount of unexpired insurance at any time. Shows a form for the correct departmental distribution of all insurance for the current month.
- HARRISON, G. C. *Cost accounting to aid production*. IX. Indus. Manag., June, 1919. Pp. 4. Final instalment of a series, in which the author has pointed out the possibilities of scientific cost accounting. Predicts a revolution in which retrospective systems will disappear because they fail to meet the demands of the industrial executive who must know before he can do.
- HYDE, F. W. *The day of exact accounting*. Journ. Am. Bank. Assoc., Apr., 1919. Pp. 4. The Comptroller of the Currency has ordered that national banks keep a daily record of interest earned but not collected and interest collected but not earned. This will insure greater accuracy and enable the banker to know each day the exact standing of his discount and interest account. Explains how actual computations may be made.
- JACKSON, J. H. *Standardization of printers' accounts*. Journ. Account., May, 1919. Pp. 5. Discusses the "standard accounting system for printers" which was officially adopted in September, 1918, by the United Typothetae of America. Advantages of this system and what is being done to modify it to meet the requirements of the small establishment.
- JOPLIN, J. P. *Growing responsibilities of the public accountant*. Journ. Account., July, 1919. Pp. 7. An address on the duties of the public accountant and the standards he should maintain.
- KILDUFF, F. W. *Power and service cost*. Journ. Account., June, 1919. Pp. 10. The problem of the accountant in relation to the financial efficiency of power plants. How costs of the various elements may be ascertained and compared with some ideal standard.
- MONTGOMERY, R. H. *Influence of war on balance sheets*. Journ. Account., July, 1919. Pp. 8. Large profits and high taxes have resulted in greater accuracy and conservatism in balance-sheet statements. Changes have occurred not only in the surplus account, but particularly in such items as plant, inventories, and reserves. Many dubious items on the asset side have disappeared.
- NASH, L. R. *The tramway's depreciation problem*. Stone & Webster Journ., Apr., 1919. Pp. 4. Why replacement reserves are necessary for an electric railway and how they equalize costs. Describes the various methods of accumulating replacement reserves and shows their relation to cash funds. Tendency in practice toward moderate reserves, materially less than theoretical desirable amounts, but nevertheless suitable for probable actual requirements.

- PATON, W. A. *Transactions between partner and firm*. Journ. Account., July, 1919. Pp. 6. In the case of a partnership there is no legal fiction to support the personification of the business enterprise and if it is done in certain types of transactions the situation is likely to be obscured. Explains why there is a good reason for viewing all transactions between partner and partnership as of a distinct type.
- PATON, W. A. *Some phases of capital stock*. Journ. Account., May, 1919. Pp. 15. Some of the generally accepted methods of accounting for certain subsidiary items of capital stock ignore important aspects of the situation. This article considers such methods and raises a question as to the propriety of certain doctrines and practices.
- POTTER, D. *Our newest navy: its cost*. Journ. Account., May, 1919. Pp. 22. Several hundred war vessels are being constructed at various private shipyards on the basis of actual costs plus a profit on such cost. Explanation as to how these costs are being determined.
- SCHLESSINGER, M. *Retail clothing store accounting*. Journ. Account., July, 1919. Pp. 8. Describes the peculiar problems of retail clothing store accounting, such as the cash records, overhead expenses, and merchandise expense accounts.
- American Institute of Accountants May examinations*. Journ. Account., June, 1919. Pp. 11. Questions on auditing, commercial law, and accounting theory and practice.

Public Utilities

(Abstracts by Charles S. Morgan)

- ALWYN-SCHMIDT, L. W. *The German gas industry during the war*. Gas Age, Mar. 1, 1919. Pp. 3. Effects of war upon German gas industry, showing marked tendency for larger generating units to displace permanently the smaller ones.
- CLARK, H. C. *Rate powers of commissions*. Aera, Feb., 1919. Pp. 9. Summary of legal powers of commissions to alter franchise rates.
- CLARK, H. C. *The Public Service zone report*. Aera, Apr., 1919. Pp. 8. Mechanics and economics of proposed zone fare system on Public Service Railway Co. of New Jersey. An attempt to base fares on "stand-by" cost and "movement" cost. Congestion said to be thereby avoidable.
- CLARK, H. C. *Service at cost agreements*. I. *Cleveland*. Aera, June, 1919. Pp. 7. First of a series of detailed uniform analyses of local service-at-cost agreements.
- CLARK, W. *Municipal ownership evils*. Gas Record, Apr. 23, 1919. Pp. 6. Presentation of some of the familiar arguments, with bibliography.
- CONWAY, T. *Solving the traction problem*. Elec. Ry. Journ., June 14, 1919. Pp. 3. Resumé of factors involved in a solution of a permanently difficult problem.
- EDGERTON, E. O. *The case for private ownership*. Journ. Electricity, June 1,

1919. Pp. 3. Address by president of California Railroad Commission in which he points out the emphatic need for "putting service first" if public ownership is to be avoided.
- EDGERTON, H. W. *Value of the service as a factor in rate making.* Harvard Law Rev., Mar., 1919. Pp. 40. Able critical analysis of view of regulatory bodies and text-writers that value of the service is coördinate in importance with cost of service as a basis of rate making, in which the author contends that on the basis of the decisions themselves value of service has been subordinate in importance to cost of service, although important as a rate determinant within the range of costs.
- ELMES, C. F. *Quality of service should determine the price.* Am. Gas. Engg. Journ., May 24, 1919. Pp. 7. An argument for greater recognition of risk element in public utility investments and of efficiency in the operation of utilities.
- ELMQUIST, C. E. *Regulators and the railways.* Aera, Mar., 1919. Pp. 4. Able discussion by president of National Association of Railways and Utility Commissioners of certain matters which will facilitate settlement of electric railway and other utility problems.
- GREGORY, T. B. *Federal control and statistics of natural gas.* Gas Age, June 6, 1919. Pp. 2. Need for permanent federal control of natural gas rates and consumption in the interest of conservation, as seen by director of Bureau of Natural Gas of United States Fuel Administration.
- GRUHL, E. *Return under service at cost.* Aera, Mar., 1919. Pp. 5. Considerate discussion of economic and political factors involved in service-at-cost franchises.
- HALE, R. L. *Need of a revised principle of utility valuation.* Gas Age, Feb. 1, 1919. Pp. 3. Argues for making a distinction between past and future investments in the regulation of return allowed public utilities.
- HERDT, L. A. *The problem of the electric railways.* Elec. News, June 1, 1919. Pp. 3. Brief description of electric railway situation in United States and Canada by a member of Montreal Tramways Commission with statement of how the Montreal service-at-cost plan applies.
- INSULL, S. *Some present problems of public utilities.* Gas Age, May 1, 1919. Pp. 2. Discussion particularly of Illinois utility situation with observations on benefits of state regulation if kept on strictly economic and non-political basis.
- JACKSON, W. *The zone fare in practice.* Elec. Ry. Journ., Feb. 22, Mar. 8, 29, Apr. 26, May 3, 10, 24, 31, June 7, 14, 28, July 5, 1919. Articles on a selected list of English cities. Technical.
- KRICK, K. *Manufactured gas to supplement natural gas.* Gas Age, June 2, 1919. Pp. 2. Advocates with a view to conservation the wider use of a type of rate schedule for natural gas by which rate per thousand increases with amount used.
- McKAY, C. W. *Electric utility valuation and rates.* Elec. Rev., May 17, June 7, 28, 1919. Pp. 4, 8, 4. Series of twelve articles. (1) Origin of electric

- rate control, a brief sketch of development of commission regulation. (2) Practical, working definitions of some of terms used in rate cases. (3) Reproduction cost as applied to the appraisalment of electric utilities. (4) Elementary treatment of the three bases of valuation for rate making.
- NASH, L. R. *The Denver tramway situation*. Stone & Webster Journ., May, 1919. Pp. 16. Lucid description of development and main features of service-at-cost franchises. Little attention to Denver situation.
- RAYMOND, W. G. *Iowa State Board of Conciliation*. Elec. Ry. Journ., June 28, 1919. Pp. 3. Interesting account of organization and work of a board established during war emergency to handle utility problems in a state where no public utility commission exists.
- SANO, S. *Practices and tendencies in Japanese electric railway transportation*. Elec. Ry. Journ., July 5, 1919. Pp. 3. Public ownership of electric railways is spreading in larger Japanese cities.
- SCHUTT, C. E. *Can effect of fare increase be predicted?* Elec. Ry. Journ., Apr. 12, 1919. Pp. 2. Attempt to interpret mathematically the effects of rate increases.
- SKELTON, B. *Valuation for rate making*. Pub. Serv., Apr., 1919. Pp. 4. Discussion by commissioner of the Maine commission's valuation procedure.
- TAYLOR, A. M. *Modern regulatory plans and theories*. Aera, Mar., 1919. Pp. 6. Clear statement of electric railway situation and its needs as seen by a company official.
- WILCOX, D. F. *Rate regulation where franchises have expired*. Am. City, Mar., 1919. Pp. 33. Summary of United States Supreme Court decisions in Detroit United Railway Co. v. the City of Detroit and Denver Union Water cases in which the court takes the advanced step that permission to company to continue operations after its franchise has expired constitutes a temporary or indefinite franchise under which company is entitled to a fair rate of return and with no increase or decrease of valuation.
- WILCOX, D. F. *The new tramways contract in Montreal*. Nat. Munic. Rev., May, 1919. Pp. 8. Compact description of the Montreal service-at-cost tramways contract. Operating bonus to produce efficiency and other advanced features.
- ZUCKERMAN, T. D. *Service-at-cost in Boston*. Nat. Munic. Rev., June, 1919. Pp. 9. Boston's experience with service-at-cost and attendant fare increases points to necessity for state furnishing electric railway service as a public function.
- A franchise is a binding contract*. Elec. Ry. Journ., Apr. 26, 1919. Supreme Court decisions in Columbus, Ohio, electric railway case that unprofitableness is no excuse for non-execution.
- The electricity bill*. Gas Journ., May 13, 1919. Pp. 2. Summary of proposed reorganization of electric supply system of England.
- Facts on municipal ownership in 336 towns and cities*. Pub. Serv., June, 1919. Pp. 14. Compilation of experiences of 336 American cities with municipal ownership of electric plants, by an opponent of municipal ownership.

Federal commission appointed by President Wilson to investigate electric railway situation. Aera, June, 1919. Pp. 5.

Financial stability and the gas security market. Gas Age, May 15, 1919. Pp. 4. Gas industry weathered war with little assistance and therefore is in position to make strong appeal to investors.

Judge Hughes on rate regulation. Aera, Apr., 1919. Pp. 7. Argument of former Justice Hughes before New York legislative committee that the legislature has power to modify a franchise rate without working an impairment of contract and can delegate this power to commission.

Legislative power to change franchise rates. Am. Municipalities, June, 1919. Pp. 2. Supreme courts of Colorado, Indiana, Missouri, and Michigan have upheld power of commissions to change franchise rates; in New York the commissions at present lack this power.

One-man control for Britain's utilities. Elec. Ry. Journ., Apr. 12, 1919. P. 1. Plan to bring control of utilities under proposed Ministry of Ways and Means.

Reports against government ownership of utilities. Pub. Serv., Mar., 1919. Pp. 7. Convenient summary of report prepared by Merchants' Association of New York.

Safety cars increase earnings 25 per cent in Terre Haute. Elec. Ry. Journ., June 28, 1919. Pp. 3.

Labor and Labor Organizations

(Abstracts by George E. Barnett)

BAKER, J. S. *The profit sharing plan of the Baker Manufacturing Company.* Wisconsin Engr., Mar., 1919. Pp. 7. Plan for increased remuneration for employees with increased production.

BEEBY, G. *The Australian system of dealing with labor disputes.* Survey, June 7, 1919. Pp. 3. Brief but authoritative discussion of recent tendencies.

BLAKEY, L. *Is it wise to hire the repeater?* Indus. Manag., May, 1919. Pp. 10. Elaborate statistical study of the turnover of a large factory.

BRISSENDEN, P. F. *Labor policies and labor turnover in the California oil-refining industry.* Mo. Lab. Rev., Apr., 1919. Pp. 27.

BRÜERE, R. *Labor and the new internationalism.* Harper's Mag., May, 1919. Pp. 8. The position of the American trade unions on current issues discussed.

CHANEY, L. W. *Influence of the war on accident rates in machine building.* Mo. Lab. Rev., Apr., 1919. Pp. 12.

COBURN, F. G. *Employment problem of the U. S. Naval Aircraft Factory.* Indus. Manag., May, 1919. Pp. 6.

CRUM, F. S. *How to figure labor turnover.* Quart. Pubs. Am. Stat. Assoc., June, 1919. Pp. 12. A new formula.

DEVINE, E. T. *The federal employment service. Analysis and forecast.* Sur-

vey, Apr. 5, 1919. Pp. 17. Favors a state system of employment offices subsidized by the federal government.

DOUGLAS, P. H. and WOLFE, F. E. *Labor administration in the ship-building industry during the war*. II. Journ. Pol. Econ., May, 1919. Pp. 34. Discusses the problems which were handled by the administration.

EMERSON, H. *My objections to the piece rate method of wage payment*. Indus. Manag., June, 1919. Pp. 3. Favors a "time-schedule" method, under which a "standard equivalent in output for the hour of work" is the basis of remuneration.

FITCH, J. A. *Lawrence—A strike for wages or for Bolshevism?* Survey, Apr. 5, 1919. Pp. 5. Describes the conduct of the strike.

FITCH, J. A. *The War Labor Board*. Survey, May 3, 1919. Pp. 4. A sympathetic appraisal of the work of the board.

FREY, J. P. *Labor and politics*. Am. Fed., Apr., 1919. Pp. 6. Detailed argument, based on English experience, against the formation of a labor party.

GANNETT, L. S. *French labor since the armistice*. Survey, May 10, 1919. Pp. 4. Sketches the policies and internal conflicts of the C. G. T. and of the Socialist party.

GLEASON, A. *The British coal commission*. I. Survey, May 31, 1919. Pp. 8. Summarizes the testimony.

GREENWOOD, MAJOR. *Problems of industrial organization*. Journ. Royal Stat. Soc., Mar., 1919. Pp. 35. Gives the results of the more important investigations relating to industrial efficiency carried on by the Ministry of Munitions.

HUTCHINS, B. L. *The demobilization of juvenile workers*. Contemp. Rev., Feb., 1919. Pp. 7. Blind alley employers have now more than ever to be guarded against.

JOHNSON, C. L. *Revolution or strike in Winnipeg?* Public, June 21, 1919. Pp. 3.

MACKAYE, B. *Making new opportunities for employment*. Mc. Lab. Rev., Apr., 1919. Pp. 20. Summarizes the measures providing for public works and land development considered by the Sixty-fifth Congress.

MAROT, H. *Labor control of government industries*. Dial, Apr. 19, 1919. Pp. 3. Proposes a plan for operation by associations of workers.

MARSHALL, L. C. *A missing chapter in our war-labor policy*. Journ. Pol. Econ., May, 1919. Pp. 6. The history and text of the recommendations concerning labor standards made to the President on October 14, 1918, by the Conference Committee of National Labor-Adjustment Agencies.

MIXTER, C. W. *Protection of piece rate*. Am. Econ. Rev., Sept., 1919. Pp. 13.

PLUMB, G. E. *Plan of organized employees for railroad organization*. Public, Apr. 26, 1919. Pp. 3.

PRÉTE, H. *Le journée de huit heures et les problèmes de la paix.* L'Europe Nouvelle, Apr. 12, 1919. Pp. 2. Outlines the position of the C. G. T. on the universal eight-hour day.

RIPLEY, W. Z. *A peculiar eight hour problem.* Quart. Journ. Econ., May, 1919. Pp. 5.

STODDARD, W. L. *Committee system in American shops.* Indus. Manag., June, 1919. Pp. 4. The history and present position of the shop committee system.

WAGGAMAN, M. T. *National Women's Trade-Union League of America.* Mo. Lab. Rev., Apr., 1919. Pp. 8.

The American labor and socialist parties. Intercol. Social., Apr.-May, 1919. Pp. 9. Summarizes the replies to a questionnaire concerning the relations of the parties.

A forty-eight hour week. Bull. Nat. Assoc. Wool Manfrs., Apr., 1919. Pp. 8. The progress of the movement in the textile industry.

German decree regulating collective agreements, workers' and employees' committees, and arbitration of labor disputes. Mo. Lab. Rev., Apr., 1919. Pp. 14.

Labor and the peace conference. Am. Fed., June, 1919. Pp. 16. Complete report of the Commission on International Labor Legislation and the draft convention submitted to the Peace Conference.

Report of the provisional joint committee of the British Industrial Conference unanimously adopted April 4. Survey, May 3, 1919. Pp. 11.

The rise in rates of wages during the war. Lab. Gazette (London), May, 1919. Pp. 2. The general average increase lies between 100 and 120 per cent.

Should Congress perpetuate the United States Employment Service? Industry, Apr. 1, 1919. Pp. 3. Criticises the service for "waste, extravagance and inefficiency."

Wanted—an eight hour's act. New Statesman, Apr. 19, 1919. Pp. 2. Criticises some of the details in the recommendation of the Industrial Conference.

Whitleyism applied at home. New Statesman, Apr. 12, 1919. Pp. 2. Discusses the plan for the establishment of a National Joint Council in the English Civil Service.

La journée de huit heures universalisée: impossibilités d'application; les conséquences. L'Econ. Franç., Apr. 12, 1919. Pp. 3.

Il primo convegno degli uffici comunali e provinciali del lavoro. Bollettino Mensile dell' Ufficio Municipale del Lavoro di Roma, March, 1919. Pp. 4. Report of a first congress of public labor bureaus in Italy, held in Rome in February, 1919.

Money, Prices, Credit, and Banking

(Abstracts by Chester A. Phillips)

BEACH, S. H. *Developing an acceptance market.* Journ. Am. Bank. Assoc., May, 1919. Pp. 2. Savings banks are investing increasingly in liquid se-

curities. Every state in the Union, except Pennsylvania and Wisconsin, now permits savings banks to invest in bank acceptances.

CROSS, I. B. *The gold policy of the United States*. Econ. Journ., Mar., 1919. Pp. 12. The methods employed and success achieved during the war in concentrating our stock of gold, in conserving its use and in regulating its outflow.

DOUCET, R. *La vulgarisation du cheque*. Le Monde Econ., Mar. 15, 1919. Pp. 3. The use of checks should be greatly extended in France and French bankers ought to follow the American practice of periodically returning cashed checks to drawers.

ESTCOURT, R. *Sees gold standard no longer the basis of money*. Annalist, June 9, 1919. Pp. 2.

GRADY, H. F. *The British gold embargo in its relation to the problem of restoring the British pre-war currency standard*. Econ. Wld., June 21, 1919. Pp. 2. English opinion is sharply divided as to the wisdom of lifting the gold embargo.

HINTON, W. J. *A note on some anomalies in the currency of Hongkong*. Indian Journ. Econ., Dec., 1918. Pp. 26. A study of money-changers' and foreign exchange markets.

HÖGLUND, O. M. *Ett och annat om vår bankpolitik*. Ek. Tids., Feb., 1919. Pp. 7. A constructive criticism of current Swedish banking operations.

HOPE, R. E. *A British international bank*. Bank. Mag. (London), Apr., 1919. Pp. 12. A hortatory proposal for a new bank to promote the development of home and foreign trade.

KOELISCH, W. F. H. *The true functions of a discount company*. Trust Companies, May, 1919. Pp. 3. A contrast of the work of London discount houses and that of American dealers in acceptances.

KRECH, H. *Arbitrage*. The Chase, Apr., 1918. Pp. 8. The nature and profit possibilities of arbitrage in securities, bullion, and exchange.

MOURRE, C. *Les causes de la hausse des prix*. Rev. d'Econ. Polit., Mar.-Apr., 1919. Pp. 21. A defense of the quantity theory.

PENNY, D. G. H. *Dollar exchange: What has been done and what remains to be done to establish it in the world's markets*. Econ. Wld., Apr. 12, 1919. Pp. 5.

POLIER, L. *Les avances et les émissions de la Banque de France*. L'Europe Nouvelle, May 3, 1919. P. 1. A new advance to the state of three billion francs goes hand in hand with an extension of the limit of note issue from thirty-six to forty billion francs.

POLIER, L. *L'influence des changes sur les mouvements de l'or*. L'Europe Nouvelle, Apr. 26, 1919. Pp. 2.

POLIER, L. *L'organisation du change en Allemagne*. L'Europe Nouvelle, May 31, 1919. Pp. 2. An account of measures taken to facilitate the financing of foreign trade.

POLIER, L. *Une banque interalliée pour liquidor la dette de guerre des puissances centrales.* L'Europe Nouvelle, Apr. 12, 1919. Pp. 2. Argues for the establishment of a bank to control and handle the receipts and expenditures of the Central Powers.

RAFFALOVICH, A. *La caisse d'épargne générale belge durant l'occupation.* L'Econ. Franç., Mar. 29, 1919. Pp. 3.

RAFFALOVICH, A. *Problèmes monétaires.* L'Econ. Franç., Apr. 19, 1919. Pp. 3. A study of inflation in Russia.

RAFFALOVICH, A. *Quelques problèmes monétaires des empires centraux.* L'Econ. Franç., May 24, 1919. Pp. 3. Recent changes in the currency systems of the Central Empires.

ROVENSKY, J. E. *The acceptance as the basis of the American discount market.* Econ. Wld., June 14, 1919. Pp. 4. The functions of an open discount market, its component factors, the present status of the American discount market.

SADD, W. A. *Should savings banks join the federal reserve system?* Journ. Am. Bankers Assoc., Apr., 1919. Pp. 3. A canvass of savings banks shows opinions to be evenly divided as to the advisability of their joining the federal reserve system.

SPALDING, W. F. *On the extension of British branch banks in foreign countries.* Bank. Mag. (London), Apr., 1919. Pp. 4. Urges that English banks establish agencies rather than branches in foreign countries.

THALBITZER, C. *Nationalbanken 1818-1918.* Nat. ök. Tids., Sept.-Dec., 1918. Pp. 32. An excellent historical account of the Danish national bank from 1818 to 1918. The author outlines the main accomplishments of the past century and points out the special needs of the present time.

WILLIAMS, J. H. *Latin American foreign exchange and international balances during the war.* Quart. Journ. Econ., May, 1919. Pp. 48. A comparison and explanation of the course of foreign exchange in Argentina, Brazil, Chile, and Uruguay during the war.

The American dollar finding its place in world exchange. Annalist, Apr. 7, 1919. Pp. 2. The recent growth of New York as a foreign exchange center.

Canada: The organization of rural credit. Intern. Rev. Agric. Econ., Mar., 1919. Pp. 10. An account of the development and organization of rural credit in each of the provinces.

Central banking in Belgium during the period of German occupation. Econ. Wld., June 7, 1919. Pp. 3. The issue department of the national bank was discontinued during the war in favor of the Société Générale Belgique. Conflicts between the German authorities and the banks of Belgium.

The currency problem in Bohemia in its relation to the monetary system of Austria-Hungary. Econ. Wld., May 31, 1919. Pp. 5. The complete separation of the Bohemian monetary system from the systems of Austria-Hungary. as the first important step in the rehabilitation of the new Slavonic republic.

Is bimetallism to follow wartime currency inflation? Annalist, May 12, 1919.

P. 1. A drift toward bimetallism is seen in the rise of the value of silver, in the removal of our silver export regulations, and in England's substantial control of gold production.

Overproduction and the balance of the trade. Commerce Monthly, June, 1919. The desirability from the American standpoint of an unfavorable balance of trade.

War operations on the German Reichsbank. Econ. Wld., May 31, 1919. Pp. 2. The salient features of German banking operations since 1914.

Why state banks joined the reserve system and what they think of it. Journ. Am. Bank. Assoc., June, 1919. Pp. 5. State institutions entered the system chiefly from patriotic motives, regard advertising, value of membership, and rediscount facilities as the main advantages, and urge that the regional banks pay interest on balances, absorb interest on the float, and eliminate red tape.

Public Finance

(Abstracts by Charles P. Huse)

ADDIS, C. *The economics of a war indemnity.* Journ. Inst. Bank., Apr., 1919. Pp. 14. Concludes a review of the indemnities of the last century with the hope that the German indemnity may not be so large as to cripple that country or to upset the economic life of the victors.

ALLEN, W. H. and G. C. and R. G. BLAKEY. *Budget-making and social work.* Survey, May 24, 1919. Pp. 8. Contains articles from different points of view.

BENTZON, V. *Om Jordvurdering og Kornligning.* Nat. øk. Tids., Sept.-Dec., 1918. Pp. 28. A study of Danish experiences in assessments of land values 1903 and on. New methods are being devised to meet the new and changing conditions.

BOGART, E. L. *Luxury taxes.* Bull. Nat. Tax Assoc., June, 1919. Pp. 3. A brief account of these taxes in France, England, and the United States.

BULLOCK, C. J. *Sidelights on the model tax system committee report.* Bull. Nat. Tax Assoc., Apr., 1919. Pp. 7. A system comprising income, property and business taxes is less likely to lead to injustice in administration than one relying mainly on property or income taxes.

BULLOCK, C. J. *Taxation.* I, II. Bldgs. & Bldg. Manag., Feb., Mar., 1919.

BUSWELL, F. C. *Fire underwriting results in the United States in 1918 and the taxation of fire insurance companies.* Econ. Wld., May 31, 1919. Pp. 2. Traces the growth of federal taxation from 1909.

CHIEPNER, B. *La théorie économique des dépenses de guerre.* Rev. d'Econ. Polit., Jan.-Feb., 1919. Pp. 12. Provided a government has economic resources and retains the confidence of its people, it will not be forced to cease fighting for financial reasons.

COX, H. B. *The origin and growth of income tax.* Journ. Comp. Legis., Apr., 1919. Pp. 6. Traces the development of the British income tax from 1798 to 1918.

- DAVIDSON, D. *Beskattning of aktiebolags vinst genom inkomstskatt*. Ek. Tids., Jan., 1919. Pp. 13. Discusses the practical difficulties in applying the income tax to corporate gains in the light of recent Swedish experience.
- DOUCET, R. *Les avatars des nouveaux impôts*. Les Monde Econ., Apr. 5, 1919. Pp. 3. Criticises proposed changes in the French tax system.
- FISK, H. E. *The comparative debt burdens of the United States, her allies and Germany*. Econ. Wld., May 10, 1919. Pp. 2. Relative to her population and resources the debt of the United States is much smaller than that of other great nations.
- GOTTLIEB, L. R. *Indebtedness of principal belligerents*. Quart. Journ. Econ., May, 1919. Pp. 27. Presents figures for debt, revenues, and expenditures.
- HAMBURG, A. M. *Constitutional aspects of the child labor profits tax*. Bull. Nat. Tax Assoc., Apr., 1919. Pp. 3. Considers cases which may serve as precedents in determining the decision of the Supreme Court.
- HOARE, A. *Taxation*. Charity Organ. Rev., Apr., 1919. Pp. 5. A plan for graduating the British income tax.
- HOWE, S. T. *Some problems in connection with full valuation*. II. Bull. Nat. Tax Assoc., Apr., 1919. Pp. 5. Advocates full valuation and tells what Kansas has accomplished in this direction.
- JEZE, G. *Les emprunts de guerre de l'Angleterre*. Rev. Sci. Légis. Finan., Jan., Feb., Mar., 1919. Pp. 46. Commends the loan policy which England steadfastly followed during the war.
- J., G. *Les emprunts à lots*. Rev. Sci. Légis. Finan., Jan., Feb., Mar., 1919. Pp. 25. Follows the movement in England and France to secure the issue of war loans with lottery features. Condemns such loans as financially unwise and morally wrong.
- KAHN, O. H. *A letter on the expediency of existing federal taxation*. Econ. Wld., Apr. 26, 1919. Pp. 3. To retain the benefits of private initiative, the rates on large incomes should be reduced.
- MOIR, H. *Taxation: especially in its bearing on life insurance*. Econ. Wld., May 24, 1919. Pp. 4. As a social necessity life insurance should be exempt from taxation.
- OAKLEY, E. S. *Constitutional limitations of tax legislation*. Bull. Nat. Tax Assoc., May, 1919. Pp. 4. Deals particularly with Minnesota.
- PAGAR, S. M. *The Indian income tax*. Indian Journ. Econ., Dec., 1919. Pp. 24. Traces Indian taxation from earliest times.
- PIGOU, A. C. *The war and social reform*. Scientia, Feb., 1919. Pp. 6. Discusses the future of expenditures for social reform as affected by the war.
- PRICE, L. L. *Professor Scott on post-war economic problems*. Econ. Journ., Mar., 1919. Pp. 11. In a review of Professor Scott's book commends his stand against the levy on capital.
- POWERS, F. L. *Should an income tax be substituted for the personal property tax?* Minn. Municipalities, Feb., 1919. Pp. 5.

- PUTNAM, G. E. *Declares exemption defeats purpose of graduated taxes.* Annalist, May 26, 1919. Pp. 2. The exemption of farm loan bonds does not benefit the farmers and nullifies the purpose of progressive income taxes.
- ROUSSIN, L. G. *Some aspects of war finance.* Econ. Journ., Mar., 1919. Pp. 12. Explains the method by which inflation has been brought about and points out the need of great care in the necessary process of deflation.
- SAMUEL, H. *The taxation of the various classes of the people.* Journ. Royal Stat. Soc., Mar., 1919. Pp. 40. A statistical study of the burden of national taxes in Great Britain leads to the conclusion that in the lower stages of income British taxation is regressive.
- SCOTT, W. R. *La liquidazione dei debiti di guerra.* Rif. Soc., Mar.-Apr., 1919. Pp. 41.
- SELIGMAN, E. R. A. *Are stock dividends income?* Am. Econ. Rev., Sept., 1919. Pp. 20.
- SURET, L. *Le déficit budgétaire.* L'Europe Nouvelle, Mar. 15, 1919. Pp. 2. The German indemnity will not, as many assume, be sufficient to cover the French deficit.
- SURET, L. *L'imposition du capital et l'emprunt forcé.* L'Europe Nouvelle, Mar. 8, 1919. Pp. 2. Discusses extraordinary methods suggested for meeting the French deficit.
- SURET, L. *Le nouveau budget du Royaume-Uni.* L'Europe Nouvelle, May, 1919. P. 1. The British budget for 1919-20 contemplates no general reduction in taxation and even plans for a moderate loan.
- SURET, L. *Les ressources publiques et le budget.* L'Europe Nouvelle, Apr. 19, 1919. Pp. 3. Reviews various opinions as to the amount of the indemnity which Germany should pay.
- THÉRY, E. *La situation économique et financière de l'Allemagne.* Econ. Européen, Oct. 18, Nov. 22, Dec. 6, Dec. 20, 1918.
- TUCKER, R. S. *The future of real estate.* Bull. Nat. Tax Assoc., May, 1919. Pp. 4. A study of the growth of population during the war, the course of the cost of building and other factors leads to the conclusion that assessors may expect an increase in real estate values in the near future.
- WHITE, T. *Canada's war expenditure and national debt.* Econ. Wld., June 14, 1919. Pp. 2. The war has left a per capita debt of over \$220. About three quarters of this debt is held in Canada.
- YOUNG, E. H. *The financial situation and the way out.* Contemp. Rev., Apr., 1919.
- The budget.* Bank. Mag. (London), June, 1919. Pp. 8. The chief changes in the British revenue system for 1919-20 are a reduction in the excess profits tax, an increase in the estate duties, the abolition of the luxury taxes, and a preferential in the case of dutiable goods imported from the Empire.
- Comment faire payer aux Allemands les dommages de la guerre.* Réf. Soc.,

Mar. 16, 1919. Pp. 21. Suggests control of the German debt by the allies as a means of carrying out the payment of the indemnity.

How is Germany to pay billions of indemnity? Annalist, Apr. 21, 1919. P. 1. Ultimate payment will be in goods and services.

Investigation of the British income and excess profits taxes by a royal commission. Bull. Nat. Tax Assoc., June, 1919. Pp. 3. Gives a questionnaire sent out by this commission, with answers thereto made by the editors of the *London Accountant*.

La situation financière de l'Angleterre, des Etats-Unis et de l'Empire Allemand. Rev. Sci. Légis. Finan., Jan., Feb., Mar., 1919. Pp. 29. A translation of a recent address by Sir Edward Holden, president of the London City and Midland Bank.

New York State now has a state income tax law. Greater New York, May 26, 1919. Pp. 5. Gives full text of the new law which imposes a light, slightly progressive tax, drawn on the lines of the federal tax.

The readjustment of German finance by capital levy. Econ. Journ., Mar., 1919. Pp. 15. Gives the views of German and Austrian authorities.

Shrinkage ignored in federal tax on merchandise. Greater New York, June 9, 1919. Pp. 8. Gives a brief sent in protest against this practice to the Commissioner of Internal Revenue.

Population

(Abstracts by A. B. Wolfe)

AUBURTIN, F. *Une question de vie de mort. La natalité: Comment la résoudre.* Réf. Soc., Apr., 1919. Pp. 12. An example of the all too common type of article on population in France. Reflects in extreme form the nervous hysteria of the French over population losses and low birth rate. Proposes that an additional indemnity be levied on Germany to provide a fund to subsidize French mothers in proportion to the number of children they bear.

BRISMAN, S. *Arbetslödens problem.* Ek. Tids., Jan., 1919. Pp. 14. Comes to the conclusion that labor and welfare problems can, in the last analysis, only be solved through an intelligent regulation of population.

BUNLE, H. *Les marches des Etats du centre de l'Europe.* Bull. de Stat. Gén. de la France, Jan., 1919. Pp. 46. A detailed statistical analysis, based upon official census data, of the population of the border districts of Germany, Russia, Hungary, and Austria. Population is classified, by minor civil divisions, according to place of birth, mother tongue, language spoken, religious affiliation, and political allegiance. Should be a valuable reference article.

DARWIN, L. *Eugenics in relation to economics and statistics.* Journ. Royal Stat. Soc., Jan., 1919.

DUBLIN, L. I. *Mortality from external causes among industrial policy-holders of the Metropolitan Life Insurance Company.* Proc. Casualty, Actuarial &

- Stat. Soc. Am., Nov. 15, 1918. Pp. 52. A statistical study of mortality due to accident, suicide, and homicide. Based on experience of the industrial department of the Metropolitan Life Insurance Co.
- EASTMAN, P. R. *The relation of parental nativity to the infant mortality of New York state.* Am. Journ. Diseases of Children, Mar., 1919. Pp. 17. Mortality of infants of foreign-born mothers is mainly due to communicable, respiratory, and gastro-intestinal diseases, the chief incidence of which falls at ages over one month. Babies of native mothers die more frequently before one month of age, from premature birth and congenital debility. Obvious inferences concerning environmental factors are drawn.
- MARINELLI, O. *The regions of mixed populations in Northern Italy.* Geog. Rev., Mar., 1919. Pp. 20 and a large colored map. Largely a historical study, suggestive of the importance difference of language assumes in the psychology of the European.
- PAYEN, E. *La population française et les réformes pour les familles nombreuses.* L'Econ. Franç., Feb. 15, 1919. Pp. 3. Discusses recent proposals for providing incentives for larger families.
- SAVORGAN, F. *L'influence de la guerre sur le mouvement naturel de la population.* Scientia, May, 1919. Pp. 11. Analyzes briefly the effect of war on births, deaths, and marriages in the chief belligerent countries of Europe.
- SAVORGAN, F. *L'emigrazione italiana dopo la conclusione della pace.* Supplemento Econ. del Giorn Il Tempo (Rome), Mar. 5, 1919. P. 1. There will probably be less emigration overseas after the war, and possibly a large emigration to France, Belgium, Switzerland, the Balkans, the annexed parts of the Austrian empire and Asia Minor.
- Fécondité-Angleterre: Fécondité des mariages en 1911.* Bull. de la Stat. Gén. de la France, Oct., 1918. Pp. 10.
- Jewish agricultural colonization in Palestine.* Intern. Rev. Agric. Econ., Apr., 1919. Pp. 17. An informing article covering the natural and economic conditions, agrarian conditions, land tenure, history of Jewish colonization in Palestine, and the work of the Jewish Colonization Society and the colonizing companies.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- DEVINE, E. T. *Allotments and allowances.* Survey, Jan. 25, 1919. Pp. 8. Comprehensive statement of the work of the Bureau of War Risk Insurance, with suggestions for improvements.
- FAY, R. E. *Public liability insurance: its theory, forms, and practice.* Econ. Wld., June 21, 1919. Pp. 4. Insurance against claims of the public (persons not employed by insured). Includes liability of manufacturers, elevators, landlord and tenant, teams, etc.
- HOFFMAN, F. L. *The compulsory health insurance report of the Wisconsin Special Committee on Social Insurance.* Econ. Wld., Apr. 26, 1919. Pp. 2. The report, adverse to the adoption of health insurance, places the world

of insurance under obligations for its uncompromising hostility to ill-considered schemes and plans of socialistic change.

HOOKESTADT, C. *Comparison of experience under workmen's compensation and employee's liability systems*. Mo. Lab. Rev., Mar., 1919. Pp. 18. Resumé of experience under the two systems on the basis of official reports and investigations.

HOOKESTADT, C. *Compensation for occupational diseases in the United States and foreign countries*. Mo. Lab. Rev., Apr., 1919. Pp. 10. Definitions used, provisions of law, etc.

HUNTER, A. *The American-Canadian mortality investigation, 1900-1915*. Journ. Inst. Actuaries, Apr., 1919. Pp. 7. Summary with comment, of this report.

LEVISON, J. B. *Fire insurance on vessel property*. Am. Underwriter, Mar., 1919. Pp. 4. Fire insurance on vessels should be left where it belongs—with marine underwriters.

McFARLAND, W. *War-risk insurance: its conservation and its conversion*. Econ. Wld., Apr. 19, 1919. Pp. 2. Provisions of the new policies.

MOWBRAY, A. H. *Comparison of actual and expected losses as a means of loss analysis*. Proc. Casualty, Actuarial & Stat. Soc. of Am., Nov. 15, 1918. Pp. 9. Using the experience of the Industrial Insurance Department of the State of Washington, it is found that infected injuries cause about two and a half times the loss of the uninfected. The method is recommended for wider studies.

VALGREN, V. N. *Prevailing plans and practices among farmers' mutual fire insurance companies*. U. S. Dept. of Agri. Bull. No. 786, May 28, 1919. Pp. 15. 1,950 of these companies, the greater part covering fire and lightning. They exist in all except 5 states, but four fifths are in the middle Atlantic and north central states.

WESTERGAARD, H. *Prisopgangen og Forsikrings væsenet*. Nat. ök. Tids., Mar.-Apr., 1919. Pp. 20. The author treats of the theoretical possibility of insuring against the risk of changes in the price level.

WHITTALL, W. J. H. *Note on a fundamental question underlying the pension problem; with a reference to the School Teachers' Superannuation Act, 1918*. Journ. Inst. Actuaries, Apr., 1919. Pp. 14. Finds act open to criticism because it is non-contributory.

WHITTALL, W. J. H. *Notes on some recent developments of pension problems in America*. Journ. Inst. Actuaries, Apr., 1919. Pp. 12. Comment on recent state municipal and Carnegie pension reports.

Agricultural credit and life insurance companies. Intern. Rev. Agric. Econ., Oct., 1918. Pp. 4. In the United States the decade ending 1914 showed that these companies had increased from one fourth to one third the proportion of their assets invested in farm mortgages. The average interest rate was $5\frac{1}{2}$ per cent.

Dreams of after-the-war business cherished by the German insurance profession.

- Econ. Wld., June 7, 1919. Pp. 2. German insurance carriers must push vigorously for foreign business.
- If not compulsory insurance—what?* Nat. Civ. Fed. Rev., June 5, 1919. Pp. 4. Addresses at meeting on May 19. Speakers include Warren S. Stone, Dr. A. H. Doty, M. A. Daly, P. Straus, L. K. Frankel, C. P. Neill, F. L. Hoffman, P. F. Sherman, and others.
- Italy: recent provisions for compulsory insurance against the accidents of agricultural labour.* Intern. Rev. Agric. Econ., Mar., 1919. Pp. 14. Provisions of act of August 23, 1917 and discussion of system.
- Medical directors discuss influenza.* Am. Underwriter, Apr., 1919. Pp. 7. Digests of papers at medical directors section of American Life Convention, March 26-28, 1919. Coöperation of health officials (federal, state, municipal), improvement in preventive measures, education and conservation in selection of risks by companies.
- Operation and status of state insurance funds.* Mo. Lab. Rev., Apr., 1919. Pp. 7. Summary of answers to circular letters sent out by Missouri official. These funds have been successful, there is no considerable sentiment for their abolition, there is no evidence of politics in their administration, they are actuarially solvent, cheaper than private insurance, etc.
- Will American insurance abandon the foreign field?* Econ. Wld., June 14, 1919. Pp. 2. The war caused many losses to American companies because of invested reserves abroad. Present tendency is to avoid foreign business except in Great Britain.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

- DARWIN, L. *The racial effects of public assistance.* Charity Organ. Rev., Mar., 1919. Since the improvement of the nation demands that the output of children from bad homes be lessened and from good homes increased, public assistance to the poor must be so directed and limited as to produce this effect. Certain forms of relief lessen the strain on family life and increase fertility. The writer holds that public assistance should not be given in homes below a certain standard of decency, but that suitable institutional treatment which would prevent parenthood should be substituted. Expenditures for certain purposes may be made to benefit all, because the advantages outweigh the disadvantages. To produce desirable racial effects they must gain results which are remote but enduring and which tend to reduce the birth rate among the less desirable types.
- KERRY, W. J. *Old and new in Catholic charity.* Cath. Charity Rev., Jan., 1919. This article discusses the evolution in the methods of Catholic philanthropy. Special reference is made to the work of the St. Vincent de Paul Society.

Statistics

- BROWNLEE, J. *Notes on the biology of a life-table.* Journ. Royal Stat. Soc., Jan., 1919. Pp. 2.

- DARWIN, L. *Eugenics in relation to economics and statistics*. Journ. Royal Stat. Soc., Jan., 1919. Pp. 32.
- FRIDAY, D. *Statistics of income*. Am. Econ. Rev., Sept., 1919. Pp. 15.
- KOFF, E. W. *Essentials of family statistics*. Proc. Casualty, Actuarial, & Stat. Soc., vol. V, pt. 1. Pp. 79.
- MITCHELL, W. C. *Statistics and government*. Quart. Pubs. Am. Stat. Assoc., Mar., 1919. Pp. 13.
- OGBURN, W. F. *Analysis of the standards of living in the District of Columbia in 1916*. Quart. Pubs. Am. Stat. Assoc., June, 1919. Pp. 13.
- POTTER, Z. L. *The Central Bureau of Planning and Statistics*. Quart. Pubs. Am. Stat. Assoc., Mar., 1919. Pp. 11.
- SECRET, H. *Statistics of the United States Shipping Board*. Quart. Pubs. Am. Stat. Assoc., Mar., 1919. Pp. 12.
- SWANSON, A. E. *The statistical work of the War Trade Board*. Quart. Pubs. Am. Stat. Assoc., Mar., 1919. Pp. 14.
- WOLMAN, L. *The statistical work of the War Industries Board*. Quart. Pubs. Am. Stat. Assoc., Mar., 1919. Pp. 13.

NOTES

At the suggestion of President McVey of the University of Kentucky it has been decided not to hold the annual meeting of the American Economic Association at Lexington, Kentucky, this year. The suggestion is prompted by changes in hotel construction such as would make the entertainment of the Association impossible. The Executive Committee has accordingly voted that the sessions be held in Chicago, beginning December 29.

At a meeting of the Executive Committee of the American Economic Association, held in Chicago on June 6, the following business was transacted:

The President was authorized to appoint a committee of three to investigate and report upon the utilization of the economic and statistical material contained in the draft questionnaire and to invite the American Statistical Association to appoint a coöperating committee.

The President was also authorized to enter into communication with the National Board of Historical Service, the American Statistical Association, and other organizations likely to be interested in matters relating to preservation, organization, and utilization of the material on price fixing collected by the various war boards.

Proposals looking toward the foundation of an Institute of Economic Research having been transmitted to the Association by Professor Irving Fisher, the President was authorized to appoint a committee of five to confer with Professor Fisher and with others interested in the matter, and to report at the next annual meeting.

It was voted to extend the time within which papers entered in the competition for the Karelson prize must be submitted (see *Proceedings of Thirty-first Annual Meeting*, p. 350) to October 1, 1920.

It was also voted to discharge the following committees: Committee on Transportation and Committee on Labor.

The President has appointed Dr. Victor S. Clark to represent the Association on a joint committee, including the American Historical Association and the American Political Science Association, on a National Hall of Records.

It has been suggested that the REVIEW inaugurate a department of wants for announcing positions open and positions desired. The board of editors has approved the suggestion and the managing editor will endeavor to make the REVIEW as serviceable a medium as possible for this purpose.

Since May 1, the following names have been added to the membership of the American Economic Association:

Baker, Gladden W., 16 Morris St., Albany, N. Y.
Black, John D., University Farm, St. Paul, Minn.
Blum, Henry, 1265 Broadway, New York City.
Brown, Edmund, Jr., Federal Trade Commission, Washington, D. C.
Brown, Herbert F., 190 East Colorado St., Pasadena, Calif.
Case, H. C. M., 1410 W. University Ave., Urbana, Ill.
Clark, W. C., Department of Labour, Ottawa, Ont., Canada.
Compton, Wilson, 925 Lumber Exchange, Chicago, Ill.
Cuyler, Thomas D., 701 Commercial Trust Bldg., Philadelphia, Pa.
DePasse, Alfred B., 49 Claremont Ave., New York City.
Doraiswami, S. V., Sandhurst Road, Girgaum, Bombay, India.
Elliott, H., 34 Nassau St., New York City.
Emmet, Boris, 200 Fifth Ave., New York City.
Fabella, V., Roxas Bldg., Manila, P. I.
Fox, F. Y., Salt Lake City, Utah.
Gana, M. D., University of the Philippines, Manila, P. I.
Grimes, W. C., Kansas State Agricultural College, Manhattan, Kan.
Hugh, Yu Tinn, Clarke College, Worcester, Mass.
Jue, J. Hing, Bank of Canton, Hong Kong, China.
Kahn, Montifore G., 52 Wall St., New York City.
Kawai, E., Department of Agriculture, Tokyo, Japan.
Kelleher, D. M., Fort Dodge, Iowa.
Kuhn, E., Zeitungsagentur, Basel, Switzerland.
Lahee, A. W., State Department, Washington, D. C.
Larson, Randell J., Federal Trade Commission, Washington, D. C.
Lay, Julius G., Department of State, Washington, D. C.
Lund, Fin, 16 Holmans Kanal, Copenhagen, Denmark.
McGrath, W. H., 1419 7th Ave., West, Seattle, Wash.
McNeill, Clarence E., 198 Hamilton St., New Haven, Conn.
Malburn, William P., Englewood, N. J.
Miyata, S., 165 Broadway, New York City.
Nelson, Henry B., Nash Sales Company, Madison, Wis.
Steele, John T., 912 Fidelity Bldg., Buffalo, N. Y.
Tiffany, Burton E., Vermillion, S. Dak.
Tsoi, N. S., Canton Christian College, Honglok, Canton, China.
Phillips, H. D., Bureau of Markets and Storage, Albany, N. Y.
Van Pelt, A. F., 18 Kingsley St., West Orange, N. J.
Vockel, Stewart, Commonwealth Bldg., Pittsburgh, Pa.
Walser, Guy O., Terminal Bldg., Staten Island, N. Y.
Wardell, Allen, 15 Broad St., New York City.
Weale, G. J., 407 Armory Bldg., Washington, D. C.
Welsh, Herbert S., 328 Chestnut St., Philadelphia, Pa.
Wilson, Allen D., 1026 Ohio St., Lawrence, Kansas.
Wood, William Allen, 1127 State Life Bldg., Indianapolis, Ind.
Wyss, Ferd, Librairie Amsthausgasse, Berne, Switzerland.
Young, John Parke, 573 Boyle Ave., Los Angeles, Calif.

The courses in preparation for industrial supervision and employment management which have been given at Bryn Mawr College are to be continued with the coöperation of the National War Council of the Young Women's Christian Association. New courses and seminars are also being planned in community organization, community art, and principles of education as applied to community work. In connection with the establishment of an educational center at the Municipal Court of Philadelphia, training in psychiatric social service as well as in mental analysis and social case work is offered. The announcement of these courses for 1919-1920 may be had by writing to Dr. Susan Kingsbury, Carola Woerishoffer Graduate Department, Bryn Mawr, Pa.

The College of Commerce and Department of Economics of the University of California announces the establishment of a curriculum in foreign trade and shipping to be offered during the year 1919-1920.

Plans are being made to have Professor John A. Hobson, of England, deliver a series of lectures on "Economics and the War" at the University of California during the first semester.

The thirteenth annual meeting of the American Association for Labor Legislation will be held in Chicago, December 29-31, 1919.

The David A. Wells prize of Harvard University for this year has been awarded to Dr. J. H. Williams for a thesis entitled "Argentine international trade under inconvertible paper money, 1880-1900."

The Norwegian Nobel Institute announces an international prize competition on the following subject: "An account of the history of the free trade movement in the nineteenth century and its bearing on the international peace movement." The essays may be written in English, French, or German, or in one of the Scandinavian languages. The prize is 5,000 kr. and the essay will become the property of the Institute. The essays, bearing an epigraph and accompanied by a sealed envelope containing the name of the author, should be sent to the Norwegian Nobel Institute, 19 Drammensvei, Christiania, before July 1, 1922.

The National Tax Association announces that the articles by Professor Thomas Reed Powell which have appeared in recent numbers of the *Harvard Law Review* will be published under its auspices. These articles make a volume of approximately 300 pages, which will be issued at a nominal charge of one dollar to members of the association and two dollars to non-members. Persons desiring copies are asked

to place their orders at once as the edition will be limited. Orders should be sent to A. E. Holcomb, Secretary, 195 Broadway, New York, N. Y.

The Chamber of Commerce of the State of New York has issued a circular in regard to a new plan for commercial examinations to be conducted under its supervision (65 Liberty St., New York City).

A limited edition of the *Proceedings of the Second Pan American Commercial Conference*, held June 2-6, 1919, will be printed. Those desiring copies should apply at once making checks payable to Chief Accountant, Pan American Union (Washington, price \$3).

The United States Department of Agriculture has published the *Report of a Committee Appointed by the Secretary of Agriculture to Consider the Subject of Land Economics as One of the Divisions of Research Work of the Proposed Bureau of Farm Management and Farm Economics* (Circular 138, June, 1919, pp. 8).

The Advisory Board of the Committee on Education and Special Training has submitted to the Secretary of War a *Review of Its Work during 1918*. The report consists of (1) a general report, (2) a report of the vocational training detachments, and (3) a report on the war issues course.

The Library of the United States Department of Labor has prepared a list of periodicals and newspapers in its library dealing with *Labor and Industry*. The list covers some 23 typewritten pages; periodicals are arranged by countries and by states.

The Government Printing Office has issued a report upon *Ocean Rates and Terminal Charges*, by Professor Emory R. Johnson, who conducted an investigation of this subject for the Shipping Board. This report is accompanied by one more detailed upon *Terminal Charges at United States Ports*, prepared by Professor C. O. Ruggles under the supervision of Professor Johnson. Comparatively little has been written on the subjects with which these reports deal, *Port Administration and Charges*, by Grosvenor M. Jones, being the only previous noteworthy public document.

Professor Willard E. Hotchkiss, formerly of the University of Minnesota and secretary of the Shipbuilding Labor Adjustment Board at Washington, has become labor manager for the Wholesale Tailors Association of Chicago. Labor departments in the individual firms belonging to the association will be under Mr. Hotchkiss' direction. In association with Earl Dean Howard, of Hart Schaffner & Marx,

and a representative of the Chicago Wholesale Clothiers, he will be a member of the Board of Labor Managers for the Chicago men's clothing market. This board will have charge of all matters arising in the Chicago market under recent agreements with the Amalgamated Clothing Workers of America. To carry out these agreements, the National Federation of Clothing Manufacturers has recently been organized.

The Bulletin, the official organ of the American Men's and Boys' Clothing Manufacturers Association (752 Broadway, New York) contains a considerable amount of descriptive matter in regard to the industrial plans of this industry.

William Demuth and Company, 230 Fifth Avenue, New York, have for circulation leaflets and memoranda in regard to the plan of industrial democracy which has been in operation in its establishment since 1917.

The Century Company announces for early publication *The Flow of Value*, by Logan C. McPherson.

Mrs. Parker's volume *An American Idyll*, dealing with the life and work of her husband, Carlton H. Parker, has been issued by the Atlantic Press.

Messrs. Constable & Co. have published *The Claims of Labour and of Capital*, by W. R. Cooper, editor of the *Electrician*.

Messrs. Longmans & Company announce *Currency and Credit*, by R. G. Hawtrey.

The Zionist Organization of America (55 Fifth Ave., New York) has recently circulated Bulletin No. 361, entitled *To Absorb Mass Migration without Economic Friction*, describing plans for laying the foundation of the Jewish Commonwealth in Palestine.

The Commission on the Church and Social Service of the Federal Council of the Churches of Christ in America has prepared a statement on *The Church and Social Reconstruction*, under date of July 14 (105 East 22d St., New York).

A questionnaire in regard to the International Labor Conference to be held at Washington in October, 1919, appears in the *Survey* for July 19, 1919. The provisional representative for the United States is Professor James T. Shotwell, of Columbia University. The questionnaire deals with the application of the principles of the eight-hour day or the forty-eight hour week, the question of preventing or providing

against unemployment, employment of children, women's employment, and extension and application of the International Convention adopted at Berne in 1906 for the prohibition of the use of white phosphorus in the manufacture of matches.

At a meeting of the Executive Council of the American Bankers Association, held in May, a resolution was passed asking the State Secretaries Section, in coöperation with George E. Allen, educational director of the institute, and Dr. P. P. Claxton, United States Commissioner of Education, to prepare a textbook on elementary banking and finance suitable for use in the elementary and high schools and to secure its introduction into such schools in the United States.

Messrs. Walton and Company, 103 Shaftesbury Ave., London, W 1, England, proposes to issue a portrait of the late Sir Robert Harry Inglis Palgrave. The print is to be 17 by 23 inches and the subscription price is one guinea.

The National Catholic War Council has begun the publication of a monthly *Bulletin* (930 14th St., N. W., Washington, D. C.).

The first number of the *Journal of Industrial Hygiene* appeared in May, 1919. This is published monthly by the Macmillan Company, editorial offices being at 240 Longwood Ave., Boston. It is conducted under the editorship of Dr. David L. Edsall, Dr. A. F. Stanley Kent, Dr. C. K. Drinker, and Dr. K. R. Drinker.

Soviet Russia is a new weekly devoted to the "spread of truth" about Russia. Publication was begun in June, 1919 (110 West 40th St., New York, \$5 per year).

In March, 1919, appeared the first number of *Giornale di Matematica Finanziaria, Rivista Tecnica del Credito e della Previdenza* (22 via Cernaia, Torino).

Since the preparation of the lists of new books the following have been received:

Meyer Bloomfield, *Management and Men* (Century).

Harry James Carman, *The Street Railway Franchises of New York City* (Longmans).

Julius Henry Cohen, *An American Labor Policy* (Macmillan).

Edward T. Devine and Lillian Brandt, *Disabled Soldiers and Sailors Pensions and Training* (Oxford Univ. Press).

Glenn Frank, *The Politics of Industry* (Century).

Charles Josiah Galpin, *Rural Life* (Century).

John Leitch, *Man-to-Man. The Story of Industrial Democracy* (B. C. Forbes Co.).

Wesley C. Mitchell, *International Price Comparisons* (War Industries Board).

Claudius T. Murchison, *Resale Price Maintenance* (Longmans).

Francis Neilson, *The Old Freedom* (Huebsch).

Thorstein Veblen, *The Vested Interests and the State of the Industrial Arts* (Huebsch).

Appointments and Resignations

Mrs. John B. Andrews, assistant secretary of the American Association for Labor Legislation, has recently finished her investigations in France and England as a member of the Industrial Commission sent over by the Y. W. C. A.

Dr. John B. Andrews, secretary of the American Association for Labor Legislation, is now in Europe as technical adviser to the committee on organization of the International Labor Legislation Conference to be held in Washington in October.

Miss Emily Balch is in Geneva serving as secretary of the Women's International League for Peace and Freedom.

Dr. Francis H. Bird, who gave a labor course at Dartmouth College during the spring term, has been appointed assistant director of the Bureau of Industrial Relations of the United Typothetæ of America with headquarters at Chicago.

Dr. Roy G. Blakey, has been promoted from associate professor to professor at the University of Minnesota.

Professor Ernest L. Bogart, who is away from the University of Illinois on leave of absence, is in the newly organized Economic Intelligence Section of the Foreign Trade Adviser's Office in the State Department at Washington, where he went from the War Trade Board.

Mr. Nathaniel G. Burleigh has been appointed professor of industrial organization and management at Dartmouth College.

Major John B. Canning has been appointed assistant professor of economics at Leland Stanford Junior University.

Mr. Dana F. Cole, of the University of Nebraska, has been made associate professor of marketing.

Dr. Melvin T. Copeland has been appointed professor of marketing at Harvard University.

Dr. Ira B. Cross has been promoted to professor of economics at the University of California and has been made chairman of the economics department.

Mr. Joseph E. Cummings, of the United States Treasury Department, has been appointed an instructor in the School of Business at the University of Minnesota.

Dr. Stuart Daggett has been acting dean of the College of Commerce of the University of California during the past semester.

Professor Ernest R. Dewsnup has returned from England to the University of Illinois.

Mr. Z. Clark Dickinson has been made an assistant professor of economics at the University of Minnesota.

Professor George W. Dowrie has been made dean of the newly created School of Business at the University of Minnesota.

Dr. Boris Emmet, expert of the Bureau of Labor Statistics, United States Department of Labor, has resigned from the federal service to accept the position of manager of the labor department of the New York Dress and Waist Manufacturers' Association, 200 Fifth Avenue, New York City.

Miss Helen Everett, of the staff of the American Association for Labor Legislation, has resigned to join the faculty of Vassar College.

Professor James A. Field resumed his work at the University of Chicago in June.

Mr. Felix Fluegel has been appointed instructor of economics in the University of California.

Dr. Edgar S. Furniss has resigned from his position as professor of economics in Carleton College to accept the position of assistant professor of political economy at Yale University.

Associate Professor C. J. Galpin has resigned from the University of Wisconsin to accept a position in the United States Department of Agriculture, Office of Farm Management and Farm Economics.

Dean Edwin F. Gay has been released from his duties as director of the Central Bureau of Planning and Statistics and has returned to the Harvard University Graduate School of Business Administration.

Professor Frederick B. Garver has resigned his position at Leland

Stanford Junior University to accept an associate professorship in economics at the University of Minnesota.

Professor J. L. Gillin, who has been on leave of absence serving as Director of Civilian Relief in the Central States, for the American Red Cross, will return to the University of Wisconsin in September.

Dr. Henry R. Hatfield has returned from Washington to his position as dean of the College of Commerce at the University of California.

Professor B. H. Hibbard is now in charge of the work in agricultural economics at the University of Wisconsin.

Mr. A. E. Holcomb is now secretary and treasurer of the National Tax Association.

Mr. Clarence L. Holmes, of the Office of Farm Management and Farm Economics in the United States Department of Agriculture, has been appointed associate professor of agricultural economics at the University of Minnesota.

Mr. Dwight L. Hoopingarner has been appointed lecturer on employment management for one year from September, 1919, at the Harvard University Graduate School of Business Administration.

Professor Willard E. Hotchkiss has resigned his position at the University of Minnesota to become labor manager for the Wholesale Tailors Association of Chicago.

Mr. D. D. Hughes has been appointed instructor in the department of rural economics, Ohio State University.

Mr. Robert Hunter, author of *Poverty*, has been appointed a lecturer in economics in the University of California, and will deliver a series of lectures on "The meaning of the revolutions in Europe."

Professor Lincoln Hutchinson, of the University of California, is with the United States Food Administration at Prague, Bohemia, and will return to the university January 1.

Dr. Paul W. Ivey, of the University of Iowa, has been made associate professor of marketing.

Professor W. T. Jackman, of the University of Toronto, has been engaged this summer in work as a member of the Canadian Commission on the Cost of Living.

Albert C. James, of the University of Minnesota, has been promoted from an instructorship to an assistant professorship.

Mr. Leo Jones, instructor in political science at the University of Washington, Seattle, has resigned.

Dr. J. E. Kirshman, who has been a special expert in the Research Section of the Division of Planning and Statistics of the United States Shipping Board, has been appointed associate professor of economics in the University of Nebraska.

Dr. Frank H. Knight has accepted an associate professorship at the State University of Iowa.

Miss Hazel Kyrk has returned to Oberlin College after a year's service in the London office of the United States Shipping Board.

Dr. William M. Leiserson, recently with the Working Conditions Service of the federal Department of Labor, is now engaged in the study of methods of Americanization for the Carnegie Foundation.

Professor J. E. LeRossignol has been appointed dean of the new College of Business Administration which has been formed at the University of Nebraska.

Miss Margaret M. Lathrop will return to her position as instructor in economics at Leland Stanford Junior University in October, after having spent a year with the Red Cross in France.

Professor F. R. Macauley has returned to the University of California as assistant professor in economics.

Mr. Frederick MacKenzie is now associate editor of the *American Labor Legislation Review*.

Professor Theodore Macklin, of Kansas Agricultural College, has been appointed associate professor of agricultural economics at the University of Wisconsin.

Dr. George B. Mangold, of the Missouri School of Social Economy, has been teaching in the University of California summer school.

Dr. Bruce D. Mudgett has resigned from the University of Washington to accept an associate professorship of statistics at the University of Minnesota.

Mr. Leo Drew O'Neill has been appointed an assistant professor of economics at the College of Business Administration of Boston University.

Mr. Howard S. Noble, of Harvard University, has been made assistant professor of accounting in the School of Business at the University of Minnesota.

Mrs. Cornelia S. Parker, who has been assistant in social economics at the University of California, has resigned to continue her studies at Eastern universities.

Mr. Victor H. Pelz has been appointed an instructor in the School of Business at the University of Minnesota.

Mr. Elias Powell has resigned his position with the Legislative Reference Division, Library of Congress, and has been appointed special expert with the Federal Trade Commission.

Mr. A. L. Prickett has been appointed assistant professor of economics at Indiana University and is to give particular attention to courses in business.

Dr. E. C. Robbins has resigned as assistant professor of economics at the University of Minnesota to become professor of economics at the University of Oregon.

Professor J. S. Robinson is head of the new Department of Commerce at Simpson College, Indianola, Iowa.

Professor Fred Russell, assistant professor of economics at the University of Washington, has resigned to return to the University of Illinois.

Dr. A. M. Sakolski has been placed in charge of the statistical bureau of the Equitable Trust Company of New York.

Mr. William H. Spencer has been appointed assistant professor in business law in the School of Commerce and Administration of the University of Chicago.

Mr. J. Warren Stehman has been promoted from instructor to assistant professor at the University of Minnesota.

Professor C. C. Staehling, assistant professor in accounting at the University of California, has resigned to accept a position with the Haskins and Sells Company in San Francisco. He will continue, however, as special lecturer.

Professor G. A. Stephens, of the University of Nebraska, has resigned to take a permanent position with the Federal Trade Commission.

Mr. Gilbert H. Tapley has been appointed secretary of the Amos Tuck School of Dartmouth College and also instructor in statistics.

Professor F. W. Taussig has resigned from the United States Tariff Commission and will resume his duties at Harvard University.

Professor J. Franklin Thomas, associate professor of sociology at the University of Washington, has resigned to become director of the School of Social Research at the University of Oregon.

Mr. Jacob Viner, who has been with the United States Tariff Commission, has accepted an assistant professorship in economics at the University of Chicago.

Mr. J. B. Washburn has been appointed instructor in accounting at the University of California.

Mr. Russell Weisman has been appointed instructor in economics in Western Reserve University.

Mr. Harry Richard Wellman has been appointed professor of commercial organization and management at Dartmouth College.

Dr. J. H. Williams has been appointed an assistant in economics at Princeton University.

Miss Anna Youngman, who resigned her position as professor of economics at Wellesley College, has been appointed research assistant in the Division of Analysis and Research of the Federal Reserve Board. Miss Youngman has also received an appointment as lecturer in banking in the School of Business of Columbia University for the ensuing year.

M. A. N. Kiaer, director of the Central Bureau of Statistics of the Kingdom of Norway, died in Christiania, April 30, 1919.

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AN ADVENTURE IN STATE INSURANCE

Humanity has perhaps done nothing better in the way of devising a purely human institution than in the field of insurance. By insurance we carry one another's burdens. Instead of waiting until after a catastrophe has happened and then taking up a contribution for the relief of those in distress, through insurance we take up the contribution in advance of the catastrophe and are therefore ready to relieve the distress almost immediately.

Workmen's compensation is insurance. It makes the employer the insurer of his employees; but he may hire some one else to carry that insurance in his stead if he so desires, through some mutual organization with other employers or through some insurance company organized as a corporation or through some state fund or bureau, as the circumstances may determine. The whole fabric of compensation to injured workmen is founded upon insurance principles and upon a just distribution of the risk among all persons liable under the risks of industry and in proportion to the hazards characteristic of each such industry.

California made its first essay into the compensation field of legislation in 1911, by the enactment of what was then commonly known as the Roseberry law, which was in fact the fourth tentative draft of the Wisconsin compensation law. State Senator Louis Roseberry whipped it into shape to fit California's nomenclature and political organization, and by that means put the Wisconsin law into effect in California a few months before it went into effect in Wisconsin.

The Roseberry law was crude and tentative only, elective in its terms, and sufficed mainly to enable the people of California to become familiar with the compensation idea as applied to industry and to make it possible for the then Industrial Accident Board to make such investigations and preparations as were necessary for the formulation of a more adequate and compulsory compensation law. There was otherwise ever so little for the Industrial Accident Board to do, during the two and a third years of life of the

Roseberry law, except to prepare and make ready for presentation to the legislature a draft for a workmen's compensation, insurance and safety act; and it was to this task that the Industrial Accident Board devoted the greater part of its time and energies.

During this interim the writer of this article made a careful and thoroughgoing study of the literature of all of the compensation insurance systems in the world; and, in order to acquaint himself with the insurance side of the insurance problem, he visited a number of eastern cities and held conferences with the managers of a number of large liability insurance concerns, and also met and conversed with those who, by reputation, were deemed best equipped to advise in relation to a just and workable plan for compensation insurance coverage for employers.

As a result of these investigations the writer became convinced that the existing facilities for insurance against the compensation risks of industry were inadequate and that, in justice, they should be made adequate before imposing upon the industries of California a compulsory compensation law; and yet no other form of law than a compulsory one could adequately protect the working people of California from the pauperizing consequences of industrial injury. The great insurance companies were prone to get together and stand together on premium rates, if on nothing else, and adventurers were disposed to organize wildcat, fly-by-night, cut-rate concerns, mainly for the stock-jobbing profits to be made out of the organization rather than for the earnings to be derived from legitimate insurance, all of which worked to the detriment of employers and their injured employees.

It was in the insurance literature of New Zealand that there was first found an idea which seemed to be capable of being whipped into practical form for meeting the requirements of insurance under a compulsory compensation insurance act. Having opened correspondence with the proper officials in New Zealand, we were soon well stocked with reports in relation to the workings of their system of state insurance in free competition with about twenty-five other insurance carriers of one form or another in the compensation field. We found that, in New Zealand, while the state insurance fund was doing only about 10 per cent of the insuring against compensation risks, and was doing that in free and fair competition, the effect of the state's competition upon other insurance carriers was to secure fair premium rates for the employer and fair treatment for the employer's injured employees,

and these were the ends we were seeking in California. . We borrowed the idea from New Zealand, but we dressed it in garments better suited to the industrial and political situation in California and presented the measure to the legislature of 1913.

The new bill was entitled "The workmen's compensation, insurance and safety act," and it was warmly espoused by the then governor, Hiram W. Johnson, now United States senator; and, with his hearty coöperation and by reason of the progressive trend of legislation in California at that time, the Industrial Accident Board was able to induce the legislature to empower it, as a commission, to establish a state compensation insurance fund in what was ultimately to be free and fair competition with other insurance carriers and to place to its credit in the state treasury \$100,000 as cash capital to begin business on. This was the foundation upon which the superstructure of a compensation and safety act was based.

It was what Governor Johnson regarded as a "bully fight." The corridors of the capitol building swarmed with insurance men, all with their knives whetted to a keen edge and with bloody-minded intent upon killing the bill if they could consummate its death, but at all events to do it great bodily harm. They did neither. They were beaten at every point and were able to make almost no change at all in the text of the measure as submitted to the legislature by the then Industrial Accident Board. The bill passed both houses with large majorities, was signed by the governor, and went into effect January 1, 1914.

An idea incorporated in the fund was to create a model insurance carrier which other insurance carriers in competition with it would, by the logic of circumstances, be required closely to approximate on pain of having the business go to the state fund; and it required about four months of experience under the new act to enable them to appreciate the force of the argument. It was intended also that the policy of the fund should be influenced by the moralities involved in each situation rather than by the legalities alone; that is, it was purposed to make the fund a warm-blooded financial institution rather than a cold-blooded one; and this policy has been consistently pursued ever since. It was also determined that as soon as the fund became strong enough its competition with private insurance carriers should become wholly fair; it should pay the same taxes that other insurance carriers were required to pay, and it should derive no direct advantage

from the state's other activities not shareable by all other insurance carriers in competition with it in the compensation field.

The following were the chief arguments advanced against the adoption of the measure by the legislature:

1. That the insurance field belonged to private enterprise.

The proponents of the measure dissented from this proposition and held insurance to be a public service, a service which the state could directly perform, in whole or in part, to the exclusion of all other carriers or in competition with them, for the reason that the public welfare, which the state was created to protect, was vitally involved in the institution of compensation insurance, at least. It was held that the state might delegate such a service to a private or mutual enterprise or might discharge the obligation itself; that the issue was not academic, but practical, and that the decision should depend upon which plan is likely to work the better. It was then, and still is, the judgment of the writer of this article that the competitive plan would work best for employers, best for employees, and the best for the economic interests of the state, as well as best for the state fund, which needs competition to keep it progressive in its efforts to render the best possible service at a reasonable cost for the performance of such service.

2. It was contended that politics must inevitably get into the management of the fund, and so hopelessly injure it.

It cannot be denied that there was, and always has been, some danger of such an eventuality, but for more than five years not one appointment to a position within the State Compensation Insurance Fund has been made through political consideration. The fund has not only kept out of politics, but it has kept politics out of the fund, which has been to the very great advantage of the fund as well as of the politics of the state.

Furthermore, all of the employees of the fund, except the manager and the heads of departments, are employed through a vigorous and rigorous state civil service law, which is entirely non-partisan in its operation.

3. That the state fund would get the bad risks and the insurance companies the good ones.

That there is such a tendency wherever the state enters the insurance field in competition with other insurance carriers is true enough, but the state fund in California has resisted this tendency and has put forth its energies to aid the bad risks in becoming

good risks before they are given insurance coverage, and with a high degree of success. The fact that the loss ratio of the fund is lower than that of the average for other insurance carriers shows that it has selected its risks with as high a degree of underwriting judgment as other insurance carriers and that it has not had more than its just quota of bad risks to carry.

4. It was dogmatically declared that private enterprise can do business cheaper than the state.

The writer is inclined to agree with the proposition that private enterprise *can* do business more cheaply than the state, but that it will not do it as cheaply as the state if it can avoid it.

The insurance carriers in competition with the fund have stoutly claimed that they cannot do the business of insurance with an overhead expense of less than 35 per cent of the premiums received; and, during the last year and a half, they have so raised their rates as to allow 40 per cent for this purpose. The cost of the state fund's doing business has only once exceeded 15 per cent and for the year 1918 it was a trifle less than 12 per cent, or, to be exact, 11.79 per cent of the net premiums received. In other words, the state fund is transacting business at one third the cost which the private insurance carriers set aside for that purpose. Yet the only part of the expense of the fund which the state bears is that the state pays the salaries of the industrial accident commissioners, who sit as a board of directors for directing the general policy of the fund, and to this task the commission does not devote more than two hours per week. That is absolutely all the benefit or advantage the state fund gets by reason of state aid, and that is negligible. The fund now pays the same taxes that other insurance carriers pay, pays for all its own labor and rent and every other element of cost in doing an insurance business; but it does the business economically, wines and dines no legislators, and does not seek to hire employers to give it their business through any form of hospitality or entertainment. The writer has all along felt that if private insurance carriers would have a good housecleaning and a reorganization of their methods of doing business they could stay in the field in competition with the state fund and make a fair rate of profit on their investment.

The fund must invest the money in its control as savings banks invest their funds; the private insurance carriers may invest "other people's money" in their possession as commercial banks invest, or as promoters, for that matter, and so make a larger

return than the fund can upon its investments. Private insurance carriers may hire their labor in the open labor market and may work their employees as many hours as they can induce them to work. The fund must secure its labor from the State Civil Service Commission and pay salaries comparable to those paid in other departments of the state service.

5. It was contended that it is unjust that three commissioners, whose duty it is to sit in judgment over controversies between injured persons and insurance carriers, should also sit as a board of directors in the operation of an insurance concern in competition with such other private insurance carriers.

The commission has always admitted that there is just here an academic inconsistency in the act, but there was no good way of avoiding the difficulty. If the industrial accident commissioners were minded to be unjust and to discriminate against private insurance carriers and in favor of a state fund they could do this just as readily without regard to whether the commission controlled the fund or whether its control were placed wherever else it might be placed—in the hands of a separate commission, the state insurance commissioner or the manager of the fund alone—and yet the opportunities so to discriminate would be very few. All of the decisions of the commission are open, and discriminations could not be practiced without being called to public attention, a deserved condemnation being visited upon the heads of the commissioners. In default of proof of such discrimination—and no such proof has ever been forthcoming in spite of frequent challenges to produce it—the issue becomes what Abraham Lincoln properly characterized as “a pernicious abstraction.” Our manager of the fund is so fully persuaded that there is no discrimination against other insurance carriers and in favor of the fund that he feels that the commission leans over backward, and perhaps it does.

The commissioners do consciously discriminate in many instances, but always against the fund. This is done where the legalities would require the denial of compensation if the insurance carrier were a stock company, insistent that it should be required to pay only what the law required it to pay, but where the commissioners believe that the moralities require the payments to be made. As long as government by law stands there will probably be a broad difference between justice as measured by the legalities and as measured by the moralities. Legalities must deal with common conditions and can seldom adjust themselves to spe-

cific cases. The moralities may deal with specific cases which do not fall into line with the law of average, and all insurance is based upon the law of average. The commission does this with good conscience, feeling that if by so doing the employer is taxed a little more for his premiums the burden is offset many times over by economies practiced by the management in the conduct of the fund. In short, as hereinbefore suggested, the difference between the policy of the fund and that of many stock companies consists in this: that the fund is made a warm-blooded financial institution, whereas those who are in the insurance field for the profit they can make out of it tend to make their concerns cold-blooded financial institutions; and in the practical operation of these different tendencies differing results of considerable importance to humanity are attained. Furthermore, no board or commission not in daily contact with the administration of a compensation law can know how to make an insurance carrier respond to the requirements of such a law.

The State Compensation Insurance Fund of California was ready for business on January 1, 1914, and it was gotten ready by the then Industrial Accident Board, operating under the Roseberry law, and by the expenditure of something less than \$5,000 in equipping a business office and employing a manager and a few assistants for about two months so that the fund might be ready when the new compensation, insurance and safety act went into effect. This expenditure covers absolutely the only cost that the fund has occasioned the state except the use of the \$100,000 capital provided by the act of the legislature of 1913.

The first prerequisite was to devise premium rates to be charged employers under the new act, but it was not within the scope of human knowledge to know in advance what the premium rates should be for the ensuing year. A basis of information and experience did not exist. Accordingly, the fund adopted the rates charged by the liability insurance companies, based upon such experience in this and other countries as could be made available, making sure to collect enough in premiums to cover the payments necessary to be made; and the fund has ever since charged the same rates that other insurance carriers have charged, these being the minimum rates fixed by the state insurance commissioner, except that the other carriers, at the beginning of 1918, increased their rates 5 per cent, which increase the fund did not meet. It will probably be ten years before a volume of experience in rates

can be accumulated that will justify making premium rates anything more than tentative, but any good bookkeeper can tell at the end of the year what the rates should have been. For this reason it has been the policy of the fund to make its policies "participating," as insurance men call them; that is, at the end of each year, the policy holders participate in any savings that have been effected in the course of the year's business in the form of dividends; and "dividends," in insurance, mean that the insurer has paid that much too much for his insurance. At the end of each year the state fund has returned 15 per cent of the premiums received to the policy holders on an average, some more, some less, as the experience in each classification warranted.

The legislature of 1915 enacted a reserve law requiring insurance companies to retain, undistributed to their stockholders, a certain percentage of their premiums intact for three years before releasing them to their surplus accounts. Upon the expiration of this term the fund returned to its policy holders of 1914, 20 per cent additional dividends, besides the 15 per cent returned at the end of that year, making 35 per cent in all on the premiums paid during that year. The next year there was paid a second dividend to the policy holders of 1915 of 18 per cent, making 33 per cent of the premiums paid during that year; and it is anticipated that the fund will go right on making its regular 15 per cent return, if not more, at the end of each year, and, three and a half years after, a second dividend of 15 to 25 per cent, owing to what the loss experience and the cost experience have been. Now that, as will be seen further on, the capitalization of the fund has been made adequate, the dividends repaid to policy holders should be greatly increased unless restricted by an exceptionally unfavorable loss experience. It is almost needless to say that the competing insurance carriers have made no such returns. In this way those who insure with the state fund get their insurance at exactly what it does cost the state to do the insuring, no more and no less. More than this they have no right to demand and less than this they have no obligation to put up with. The dividends so repaid by the fund during the first five years of its existence aggregated \$790,000.

It may be of interest to note the growth of the business of the fund year by year. For 1914, the premiums received amounted in the aggregate to \$547,161.24; for 1915, \$655,676.55; for 1916, \$928,281.15; for 1917, \$1,373,791.54; for 1918, \$2,459,086.08. The prospects are that the premium receipts of

the fund for the current year, 1919, will equal or exceed three millions.

The overhead cost of doing business for the year 1914 was 12.65 per cent; for the year 1915, it was 15.48 per cent; for 1916, 14.05 per cent; for 1917, 14.76 per cent; for 1918, 11.79 per cent; or an average of 13.75 per cent for the five years of the existence of the fund.

It was declared in the act that: "said Fund shall, after a reasonable time during which it may establish a business, be fairly competitive with other insurance carriers and it is the intent of the Legislature that said Fund shall ultimately become neither more nor less than self-supporting." The time has come when this ultimate ideal is realizable. The \$100,000 capital with which the fund was supplied by the state was inadequate to enable the fund to carry the largest risks offered it or to be certain of not being wholly wiped out by some catastrophe hazard. Therefore, if the fund was to perform the service reasonably required of it by the state it was necessary for it largely to augment its capital and surplus. In short, it needed a round million dollars as an anchor to windward to justify full faith and credit in its ability to pay all losses and to carry the largest risks the employers of the state had to offer. It was useless to appeal to the legislature for any such sum of money and the only other way to obtain it was to keep back from the policy holders a share of the excess premiums paid and interest earned. This was done and yet, in spite of returning the \$790,000 to policy holders above referred to, and in spite of the active competition of many other insurance carriers, the State Insurance Fund of California has accumulated a surplus so rapidly that the commissioners are almost ashamed to let policy holders know how profitable the enterprise has been as a money-making institution.

On the 31st day of December, the fund had a net surplus, not including the \$100,000 capital given it by the state, amounting to \$1,038,958.96, without a dollar of indebtedness chargeable against it; and this accumulation has been made in five years, charging the same rates or lower rates than other insurance carriers charged and, for a portion of the time at least, bearing all of the tax burdens that other insurance carriers had to bear. Meanwhile, the \$100,000 original capital has never been touched, except that it was placed at about 4½ per cent interest. The average profit per year was \$207,791.79, and the ratio of the average profit to the capital was, in round numbers, 207 per cent per annum, notwith-

standing the return of \$790,000 to the policy holders above referred to.

If no dividends had been declared or paid to the policy holders the accumulated surplus would then have been \$1,690,191.54, the average annual profit for the five-year period would have been \$338,038.51, and the ratio of profit to the capital invested would have been 338 per cent per annum. It should be noted just here that whatever the other insurance carriers did with their surplus they did not return any of it to the policy holders and it is not believed that many of them have much of it to their credit at this time.

Again, assuming that the state fund had been started as a stock insurance corporation, and that the stock had paid regular annual dividends of 6 per cent and so remained at par, the 6 per cent dividend to stockholders would have taken \$30,000 from the heretofore mentioned surplus and accumulation; but, deducting this and proposing to make a stock dividend to the shareholders for the distribution of the accumulation, the shares would then have had a market value of \$1,108, instead of a par value of \$100. In the expressive language of financiering circles, this would be known as "cutting a melon," and no doubt the melon would have been relished by the shareholders; but, assuming that the fund, conducted as a stock company, had returned no dividends to policy holders other than the 6 per cent above suggested, the other conditions of the business remaining the same, a much larger and more juicy melon could have been served up to the stockholders, for the shares would then have been worth \$1,760, instead of \$100 par value. This looks like making money pretty fast.

While the State Compensation Insurance Fund has been prospering as above made evident, five of its competitors in the field have failed and gone into liquidation, leaving small assets to their stockholders and leaving hundreds of injured employees and their dependents uncompensated; and ten other insurance companies have retired from the compensation field unable to do a profitable business in competition with the state fund. There are still about twenty insurance carriers in the field, but most of them complain that they are unable to make any money out of insuring against compensation risks.

However, the state is doing only about 40 per cent of the insuring of compensation and 60 per cent of it still goes to other carriers, mainly to stock companies. Just why so many employers persist in giving their business to the stock companies in the face

of the well known fact that the state fund ultimately returns at least one third of the premiums to the insurers is not entirely clear. The stock companies attribute their success in getting business, notwithstanding this handicap, altogether to salesmanship, but it would seem that salesmen who can sell insurance for a third more than it can be had for elsewhere are wasting their time selling insurance, which at best does cost a great deal of money, when, as in California, there is so much blue sky to be sold that does not cost anything at all.

The black beast which pursues the insurance carriers is the insurance broker. He performs a useful service, but is paid by the wrong party. If an employer desires to have a broker place his insurance for him it is proper for the employer to hire such broker to render him that service and pay for it, just as he would pay for the services of an attorney; but, under a system which has grown up in the insurance field, the insurance carrier pays the broker, and the broker, having secured a client, hawks the business from company to company and places it where he can do best for himself—and he does this with old business as well as with new. Therefore, every insurance carrier must fight to hold its old business as tenaciously as it fights to get new business. This is a very great source of expense to insurance carriers and they have not the courage to shake off the incubus, whereas the state fund, at the outset, declared that it would pay no brokerage, and so its acquisition cost is only a fraction of that of its competitors in the insurance field. If the other insurance carriers do not cut themselves loose from this drag upon their resources it will only be a question of time when the stock companies will have to retire from the compensation field of insurance and the fund will have a monopoly of that field by operation of the natural laws of trade, rather than by compulsory legislation. The remedy is easy to suggest and not very difficult to apply. It would consist merely in a gentlemen's agreement to pay no more commissions for anything except new business and to let one another's existing business severely alone. If this were done, and lived up to, it would save a very important source of overhead cost to the private insurance carriers and would probably enable them to stay in the field in wholesome competition with the state fund. The only reason apparent why this has not been done is that the insurance gentlemen in charge of the insurance companies know each other too well.

It cannot be questioned that the State Compensation Insurance Fund of California has proven a marked success. It has furnished insurance coverage to its patrons for one third less than it has cost those employers who placed their insurance with private insurance companies and yet it has been more liberal than the private companies in its treatment of injured employees. At the same time it has made money hand over fist. Its surplus is invested in municipal, state, and liberty bonds and its underwriting has been prudent and based upon sound insurance principles.

The members of the Industrial Accident Commission of California would not think of taking to themselves any great share of the credit for the result attained. By far the larger share of this credit goes to Mr. C. W. Fellows, the manager of the state fund, and the staff of lieutenants he has gathered about him. However, this adventure in state insurance does not prove that all forms of state insurance are preferable to insurance by private enterprise. There have been state funds that were mismanaged, just as there have been private insurance companies that were mismanaged, and there have been other state funds that were not founded upon sound principles of insuring, and of course bad management and unsound principles can only work for failure, not success.

At the beginning the writer spoke of the beneficence of insurance. Now, in conclusion, he desires to emphasize the fact that the possibilities of insurance for the relief of human hardship have been only partly utilized. The hazards of life, such as sickness, unemployment, industrial injury, premature death, can be guarded against only through insurance. There is no other way under a free society and there are those now living who will live to see the time when the states of this Union, in common with California, will have to make choice between a comprehensive system of social insurance that will insure against the hazards of life from the cradle to the grave or accept socialism or social anarchy in its stead. All these forms of insurance are essentially within the scope of social obligation and we in California think that our "adventure in state insurance" furnishes at least a reasonable hope that if the state shall be called upon to furnish insurance against the other hazards of life at what such insurance is reasonably worth, as well as against those of industrial injury, the state can assume the obligation with confidence in its ability to discharge it.

A. J. PILLSBURY.

Chairman of the Industrial Accident Commission of California.

SUPPRESSION AND NON-WORKING OF PATENTS, WITH SPECIAL REFERENCE TO THE DYE AND CHEMICAL INDUSTRIES

Patentees cannot combine their patents to restrain trade in a patented article; but the United States Supreme Court has clearly recognized the right to suppress patents.¹ This enables the patentee to buy up the patents relating to a particular industry, use any part of them, suppress the remainder, and thus prevent the competition that would otherwise spring up between the owners of the patents. It secures a monopoly of monopolies, and practically confers a patent on the whole industry. The result is exactly the same as that of a combination of patentees, manufacturers or others, to restrain trade.

The purchase and suppression of patents not only promotes monopoly; it also discourages invention and retards industrial progress and hence defeats the purpose of the patent law. This point finds clear expression in a statement of the Inventors' Guild, an association of eminent inventors:

It is a well known fact that modern trade combinations tend strongly toward constancy of processes and products, and by their very nature are opposed to new processes and new products originated by independent inventors, and hence tend to restrain competition in the development and sale of patents and patent rights; and consequently tend to discourage independent inventive thought, to the great detriment of the nation, and with injustice to inventors whom the Constitution especially intended to encourage and protect in their rights.²

It is difficult to find specific evidence with which to prove this practice, as no general intensive investigation of it has ever been made. Nevertheless, a Circuit Court in 1906³ ascertained that the Indiana Manufacturing Company had acquired over 100 patents relating to straw stackers which could not be used conjointly, and hence many of them had been suppressed. The National Harrow Company in 1897 was said to control 85 patents on spring-

¹ *Blount Manufacturing Company v. Yale and Towne Manufacturing Company*, 166 Fed. 555 (1909) and *Continental Paper Bag Company v. Eastern Paper Bag Company*, 210 U. S. 405 (1908) respectively.

² *Revision of Patent Laws*, Report No. 1161, House of Representatives, 62 Cong., p. 3.

³ *Indiana Manufacturing Company v. J. I. Case Threshing Machine Company*, 148 Fed. 21.

tooth harrows, some of them unused.⁴ In the so-called Lock case⁵ the court announced in 1909 that, "It is a fact familiar in commercial history that patent rights have a commercial value for purposes of extinction, that many patents are purchased in order to prevent the competition of new inventions and of new machines already installed." The button-fastener and paper bag cases⁶ present evidence of the suppression of patents. The American Tobacco Company acquired a patent for a tobacco-stemming machine by purchasing a majority of the stock of the Standard Tobacco Stemmer Company. This machine was not manufactured, but the control of the patent by this combination prevented its development and use by competitors.⁷

The suppression of patents was brought out in the recent hearings on bills relating to trust legislation.⁸

Paper patents, patents covering inoperative devices, and dormant patents (that is, patents not used, but applied for and held for the purpose of preventing the manufacture of the devices or improvements therein described) are at the foundation of much of the most injurious monopoly and trade restraint. . . . Again, there are thousands of patents lying dormant, having been acquired by established concerns whose business was threatened by competition.

In 1916 the A. B. Dick Company controlled 128 patents relating to only a few subjects.⁹ Of these patents only 67, about one half, were first issued to A. B. Dick, the others being acquired from other parties. Twenty-four of these patents relate to sheet-feeding apparatus in connection with a duplicating machine. It seems certain that these patents cannot be conjointly used in a single sheet-feeding apparatus, nor is the one the outgrowth or development of the other. They represent different lines of improvement of different basic inventions, all proceeding simultaneously. Three of the patents relate to the feeding of sheets to a duplicating machine from the *top* of the pile, and two, from the *bottom*; the dates of issue of the former are February 2, 1904, July 3, 1906, and May 25, 1915; of the latter, June 19, 1906,

⁴ *National Harrow Company v. Bement*, 21 Appellate Division, N. Y. 290.

⁵ 166 Fed. 560.

⁶ 77 Fed. 288 and 159 Fed. 741, 210 U. S. 405.

⁷ *Report of the Commissioner of Corporations on the Tobacco Industry*, pt. 1, p. 34.

⁸ *Hearings before the Committee on Interstate Commerce*, United States Senate, 63 Cong., V, II, p. 1078.

⁹ This is based on a study of the Dick patents, which may be obtained from the Patent Office.

and August 14, 1906. This shows that the development of the one line of invention did not cease before the other began. All the sheet-feeding apparatus employed in 1916 on the duplicating machines of the A. B. Dick Company fed the sheets of paper to the machine from the *top* of the pile. Prior to that time, it does not seem that the A. B. Dick Company provided its machines with an apparatus to use the Dick patents for feeding sheets from the bottom of the pile. In other words, some of the patents have never been used; and as this company has consistently refrained from using them, it is equivalent to their suppression.

In 1916 twenty-eight patents of the A. B. Dick Company pertained to stencil sheets. These patents cannot be used conjointly in the preparation of stencil paper; they represent different lines of invention, each independent of the other. They cover five methods of forming characters in the stencil sheet, namely, abrasion, pressure, heat, adhesion, and extraction. The dates of issue of the patents relating to abrasion are 1880, 1886, 1890, 1892, and 1914; to pressure, 1888 and 1892; to heat, 1893; to adhesion, 1894 and 1896; and to extraction, 1895. One method did not become obsolete and then another appear; improvement or evolution of the one did not cease before that of another began. They all developed simultaneously, but each distinct from the other. A. B. Dick himself received letters patents for one method only, namely, pressure; all the patents covering the other four methods were issued to other parties, and A. B. Dick obtained control of them. These patents, representing five distinct means of forming characters in a stencil sheet, cannot be, and as a matter of fact were not, conjointly used; only two methods, pressure and abrasion, have been employed by the A. B. Dick Company. The acquisition of the other three methods would seem to have no legitimate justification; instead, it indicates an intention to monopolize all patents relating to the preparation of stencil paper so as to use a part of them and suppress the remainder.

It seems that the strength of other industrial monopolies based largely on patents, likewise arose from this same practice, and, therefore, that the suppression of patents undoubtedly constitutes an evil of our patent system that demands correction. Every great nation except the United States provides for the utilization of a patent or else its revocation. If the patentee does not care to use his invention, he must grant licenses to others or surrender his patent. This country should soon realize the economic necessity of a similar provision in its patent law.

Many foreigners who obtain patents from the United States do not utilize them in this country, but "work" them elsewhere, usually in their own country, from which they have also secured patents of the same subject-matter. In this manner, foreigners have reserved the United States as the exclusive market for their goods—a territorial monopoly, as it were, defined by national boundaries.

The effect of the non-working of patents by foreigners upon the industrial development of the United States varies with respect to the nature of the patented invention and the availability of the patented product. If the invention represents only an improvement, it is quite possible for the manufacturers in this country to bring forth similar but different improvements or intensive inventions of equal or greater efficiency. If the invention is basic or pioneer and highly original, they are at a greater disadvantage. Moreover, this disadvantage may be extended to other industries by withholding from them the patented product upon which their development depends.¹⁰

Every great nation except the United States has taken measures to prevent the exploitation of its patent system in the manner just described. England, the last country to do this, passed the Patent Act of 1907, commonly called the "compulsory working" clause. It stipulates three courses which are open to the choice of the patentee; "to work the invention; to prove that the circumstances are unfavorable to such working; or to surrender his power to prevent others from using the invention."¹¹ The law applies alike to the foreign and home patentees. The effect has been the construction and operation of factories in England by foreigners, by German concerns in particular.

In Germany the patentee must put the invention to commercial use in Germany and must grant licenses on reasonable terms or else be deprived of his patent through cancellation.¹²

American manufacturers, due largely to the laws of foreign nations which require the working of patents, have established factories within their confines. Typewriter companies, for example, the Underwood, Oliver, and Smith Premier, are established in foreign countries.¹³ In 1908, the United Shoe Machinery Com-

¹⁰ *The English Patent System*, by A. F. Ravensheer, pp. 77, 78, and 137; also, see *English Patent System*, by William Martin, p. 29.

¹¹ *The English Patent System*, by A. F. Ravensheer, pp. 82 and 83.

¹² *Ibid.*, pp. 119 and 121.

¹³ See Perry's *Directory of Great Britain and Ireland*, 1917, pp. 1943, 1944, 2605, and 2671.

pany reported to the stockholders that "the foreign companies have largely increased their manufacturing capacity."¹⁴ Also, the International Harvester Company has established factories in foreign countries.

The extent to which United States patents may be suppressed by foreigners is suggested by the large number of patents, both absolutely and relatively, which are granted to foreigners by this country. During 1910 to 1915 the United States granted 21,073 patents to citizens of foreign countries, 11.43 per cent of the total number of patents granted during this period. From 1900 to 1910, the per cent of patents obtained by foreigners to the total was 11.26; 1890 to 1900, 9.86; 1880 to 1890, 6.64; and 1870 to 1880, 4.50. Prior to 1870 the percentages are less and less. From 1915 to 1917, foreigners received only 8.52 per cent of the patents granted by the United States owing to the influence of the war.

About eighty per cent of the foreign patentees are citizens of Canada, England, France, and Germany. During the three periods, 1890 to 1900, 1900 to 1910, and 1910 to 1915, England received 32, 25, and 22 per cent respectively of all patents granted to foreigners by the United States; France received 9, 9, and 8 per cent respectively; and Germany, 25, 30, and 33 per cent respectively.¹⁵

The great increase in the relative number of patents granted to German citizens is to be noted, such patents increasing from 25 per cent of the total in 1890 to 1900, to 33 per cent in 1910 to 1915. The percentage fell to 22 per cent during the years from 1915 to 1917 owing to the war.

The relatively large number of patents granted to foreigners by the United States may be ascribed to the cheapness and convenience of acquiring and maintaining them. The initial patent fee is nominal and there are no yearly charges or fees. Moreover, this country does not require the "working" of patents—a factor of great importance to the foreigner.

Most of the patents granted to foreigners, to Germans especially, relate to only a few subjects, the dye and chemical industries in particular. This fact, together with the non-working of such patents in the United States, largely accounts for the lack

¹⁴ *United Shoe Machinery Corporation, Report of the President to the Annual Meeting of Stockholders, 1908, p. 2.*

¹⁵ *Annual Reports of the Commissioner of Patents to Congress.*

of development of these industries in this country, that is, before the world war. Up to January 1, 1902, 1196 patents known to the Patent Office as "carbon dyes" had been issued, 622 of them during the decade 1891 to 1900. Of these 622 patents, 609 or 97.91 per cent were issued to foreign inventors, the Germans preponderating, and 2.09 per cent to American inventors.

During 1900 the value of the imports of coal-tar colors and dyes was \$4,890,072, of which Germany is credited with \$3,822,162. The country which furnished most of the patentees is the one which furnished most of the imports. During the same year the value of the artificial dyestuffs manufactured in the United States was \$52,648, 1.07 per cent of the aggregate of imports and home product for 1900. It would seem that there is a correlation between this per cent and the per cent of patents relating to this industry issued to American inventors, namely, 2.09.

Up to January 1, 1902, the Patent Office had issued 532 patents relating to "carbon compounds" (chemicals), of which 312 were issued during the decade 1891 to 1900. 281 or 90.1 per cent of these 312 patents were issued to foreign inventors, the Germans predominating, and 9.9 per cent to American inventors.

During 1900, the value of the imports of "chemicals, drugs and dyes, all others (dutiable)" was \$6,530,037, of which Germany was credited with \$3,145,254. Again, it is evident that the country which furnished most of the patentees is the one which furnished most of the imports.

During 1900 the value of fine chemicals made in this country was \$4,206,744. This is 39.18 per cent of the total of imports and home manufacture, while 9.94 per cent of the patents covering chemicals were granted to American inventors.¹⁶ This comparison is subject to slight error as the classifications of chemicals by the Census Bureau and Patent Office do not exactly coincide.

Statistics for more recent years which show the correlation between the distribution of United States patents to citizens of this country and foreign nations, on the one hand, and the relative values of manufactures in the United States and imports into this country, on the other, are not available. It would seem, however, that the correlation continued to exist until the outbreak of the war in 1914.

A recent report of A. Mitchell Palmer, the alien property cus-

¹⁶ *Twelfth Census of the United States, 1900*, vol. X, *Manufactures*, pt. IV, *Special Reports on Selected Industries*, 1902, pp. 759 and 760.

today, indicates the progress and future of the American industry of dyestuffs and medicines. Until August, 1914, it consisted largely of small assembling plants operating on German intermediates and therefore at the mercy of German producers. At the beginning of 1914, German concerns supplied nine tenths of the dyes used in the industries of the United States. Measured in terms of value, Germany manufactured 74 per cent of the world's output of dyes.¹⁷

This situation was due to Germany's encouragement of chemists and their research work, together with the policy of taking out patents in other countries where they were worked very little or not at all. A large proportion of the dye factories of England and France were owned and operated by German dye concerns, which situation was due to the patent laws of these two nations requiring the "working" of patents. On the other hand, the Germans owned practically no dye factories in the United States owing to the absence of a "working clause" in our patent law. During the war France and England took over the German dye factories, but the United States had no such factories to utilize—a situation due to a difference of patent laws.

Since the entry of the United States into the world war, the dye and chemical industries of the United States have received a special impetus. Under the Trading with the Enemy act, administered by A. Mitchell Palmer, licenses based on German patents held in custody in this country have been granted to American manufacturers of dyes and chemicals. Importation of such commodities from Germany and other countries has been greatly reduced.

The Chemical Foundation has recently been formed to acquire the German patents and hold them as a trustee for American industry, to eliminate alien interests which are detrimental, and, in general, to advance the chemical and allied industries in the United States. It is anticipated that nearly every important American manufacturer will be a stockholder in this concern.

A recent ruling of the alien property custodian is to the effect that dyes and chemicals manufactured in Germany during the war will not be received in this country because it would constitute an infringement of the licenses, based on German patents, recently granted to American manufacturers.

It is highly desirable that the foregoing measures, together with others, should be advanced and adopted so as to insure the future

¹⁷ Department of Commerce, Special Agent Series, No. 96, p. 30.

of the infant industries recently developed in the United States, especially the dye and chemical industries.

A very essential step in this direction, as already intimated, is an amendment to the patent laws of the United States requiring the working of patents granted to citizens of foreign countries by the United States. Foreigners taking out patents in this country will then be compelled to put them to use in this country and hence develop the industries to which they relate.

The administration of a "working clause" involves, no doubt, serious difficulties, but the economic desirability of such a provision cannot be questioned in view of the experience of other nations which have such a provision in their patent laws and of the United States which has not—an experience already described in terms of the relative development of the dye and chemical industries in these different countries.

Moreover, the justification of the compulsory working of patents may be found in the spirit of our patent system, namely, to foster inventions, which spirit is diametrically opposed to the non-working or suppression of patents in spite of the fact that inventions so treated may be disclosed in letters patent issued by the Patent Office. The public, in keeping with the philosophy and purpose of the patent law, expects and should demand more than a mere description of the invention in return for the exclusive monopoly granted to the patentee for a period of seventeen years. The most efficient and profitable way in which the people can learn of an invention is by using it or the product which it manufactures.

The expectation that the patentee will use his invention is implied in our infringement laws which protect the legal monopoly of the patentee throughout the entire period during which his monopoly extends. The counterpart of this protection, it would seem, is that the patentee must put his invention to use.

The foregoing proposition will be accepted most readily when considered in connection with patents granted to foreign citizens. It is a contravention of our patent law and an economic injustice to the American manufacturer to allow a foreigner to take out a patent in this country merely for the purpose of reserving the United States as a market for his patented product, which is manufactured abroad exclusively. It means the exclusion of all other would-be inventors and competitors from the industry covered by the patent and at the same time, the building up of the industry in other countries, all to the detriment of the United States.

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AMERICAN MINIMUM WAGE LAWS AT WORK

To the uninitiated student of American standards of living, minimum wage legislation in this country presents a strange anomaly. On the one hand is the continually announced and apparently accepted dictum that for the woman worker a fair wage must be a living wage; that anything less than that constitutes exploitation and parasitism on the part of the industry engaging her; and that to uphold such a living standard among those whose bargaining power is weak, minimum wage laws are universally to be enacted and administered. On the other hand is the inescapable fact that of the fifteen states already having minimum wage laws upon their statute books, only three have in operation any rulings of wide application that the scientific student of minimum standards could term at all adequate. Eight have a series of sub-standard rulings, and the remaining four have none at all.

It will be the task of this paper to set forth some of the reasons for this anomalous state of affairs, to point out the difficulties under which our minimum wage commissions are laboring, and to suggest certain principles of drafting and administration that might bring our practice into closer conformity with our announced theory.

1. *Characteristics of the first minimum wage legislation, Australian and British.* The origin of minimum wage legislation is to be sought not in this country, but in England and Australia. Familiar as this fact is, its significance appears to have escaped popular attention. The first rudimentary organs of minimum wage administration were the District Conciliation Boards of New Zealand, established in 1894 for the compulsory arbitration of labor disputes. Incidental to their general duty of so supervising and directing collective bargaining as to preserve industrial peace, they were given authority to fix minimum wages. The first independent wage-fixing agencies were, however, created two years later in the state of Victoria in Australia. They were called Special Boards, and were at first established experimentally for certain notoriously sweated trades that employed both men and women. These boards were composed of an equal number of employers and employees, with a chairman from outside nominated by both parties. They were given no explicit criterion to go upon in framing their wage awards, but were apparently expected to argue out their difficulties in true collective bargaining style,

under the supervision of the disinterested outsider, their chairman, who was to represent the public interest.

So successful was this system that it was extended to more and more trades, was adopted by other Australian states, and finally, in 1909, by England. The essence of the system is the free discussion of wage standards, by the authorized representatives of both sides, with the aid and criticism of one or more impartial outsiders; the fixing, by this responsible bi-partisan group, of standards that are thereupon compulsory upon all employers in the industry; and the reservation by the government of power to suspend or otherwise mitigate rulings that appear positively unfair or inexpedient. *No definite cost-of-living criterion is set up.* The level of the standards finally fixed will rather depend upon the general temper of the community in which the law is operative and upon the respective bargaining power of the two sides. Thus in Australia, a young and rather radical country, with labor relatively scarce and powerfully organized, the tendency has been for the wages fixed to equal or even exceed the minimum necessary for livelihood; while in England, with its cautious public and overstocked labor market, the tendency, especially in the first years of the law's administration, has been in the opposite direction: the wages fixed, although well in advance of previous rates for the trades concerned, have been as a rule avowedly below the subsistence minimum.

Certain safeguards in the English law itself (Trade Board acts of 1909) have accentuated this difference. In the first place, the provisions of the act could only be extended to other trades than the four originally specified "if they [*i.e.*, the Board of Trade, the general supervisory body that establishes the separate trade board] are satisfied that the rate of wages prevailing in . . . the trade is *exceptionally low*, as compared with that in other employments, and that the *other circumstances of the trade* are such as to render the application of the Act . . . *expedient*."¹ In other words, boards could not be established unless conditions in the trade were worse even than in neighboring trades, and then only if the financial state of the business was sufficiently healthy. Yet in England, prior to the war, wages in all the great woman-employ-

¹ British Trade Boards act, 1909, sec. 1 (2) (*italics mine*). This statute and almost all the succeeding ones quoted in this article may be found in *Oregon Minimum Wage Brief*, by Felix Frankfurter and Josephine Goldmark, pp. 1-76. The individual notation of the American laws has therefore been omitted.

ing industries were notoriously low; while the industries that were submerged even beneath this level were extremely apt to be in a declining condition financially. This clause in the law is therefore very interesting as showing that business considerations were explicitly given priority over humanitarian.

In the Victorian statute, on the other hand, these two sets of considerations were, in the last resort, apparently to be considered as parallel and non-interfering—an interesting comment upon the general level of wages apparently contemplated by the Victorian draftsmen. The Court of Industrial Appeals (the final reference tribunal for the separate boards) is to consider, in its review of any ruling, “whether the determination appealed against *has had or may have the effect of prejudicing the progress, maintenance of, or scope of employment in the trade . . . affected; and . . . [if so] . . . the court shall make such alterations as in its opinion may be necessary to remove or prevent such effect and at the same time to secure a living wage to the employees.*”²

Another new safeguard introduced in the English law was the prolongation of the period of initial delay before any ruling could go into effect, together with elaborate provisions for indefinite suspension by the Board of Trade afterwards in case the ruling appeared to them “premature or otherwise undesirable.”³

So much for the negative features of the English law. On the positive side, we find a centralization of supervisory power in one permanent government body, the Board of Trade, and the giving of great flexibility to the possible scope of the wage rulings themselves: “Those rates may be fixed so as to apply universally to the trade, or so as to apply to any process . . . or to any special class of workers . . . or to any special area.”⁴

Both England and Australia make special provision, by individual permit, for infirm workers to receive less than the established minimum.

2. *Growth of American legislation: the Massachusetts and Oregon principles contrasted.* Such was the status of minimum wage legislation when it was first seriously considered by this country in 1911. In that year the Massachusetts legislature passed a resolve requesting the governor to appoint an investigating commission “to study the matter of wages of women and minors, and

² Factories and Shops act, 1912, sec. 175 (italics mine).

³ Sec. 5 (2).

⁴ Sec. 4 (1).

to report on the advisability of establishing . . . [wage] boards. . . ."⁵ This Commission on Minimum Wage Boards submitted an excellent report together with the draft of a bill which, with certain important modifications, was thereupon enacted into law.

In its original form this Massachusetts bill followed the British and Australian system as closely as American constitutional limitations permitted; but these limitations were of the greatest importance.

1) The American law could apply only to women and minors, since if it were extended to men it would most certainly be held by the courts to run counter to the "freedom of contract" clause of the fourteenth amendment.

2) The American law must beware of delegating legislative functions to an administrative agency. It must therefore clearly define: (a) the conditions under which an industry should fall within the scope of the wage commission at all; (b) the criteria upon which wage awards were to be rendered; (c) the exact relation of board to commission. Since the commission was the permanent supervisory body, the only safe course was, obviously, to centralize all ultimate responsibility in its hands.

The essential features of the Massachusetts bill were accordingly as follows: (1) It provided for a permanent appointive commission, with power: (a) "to inquire into the wages paid to the female employees in *any* occupation in the Commonwealth if the commission has reason to believe that the wages paid to a substantial number of such employees are *inadequate to supply the necessary cost of living and to maintain the worker in health*";⁶ (b) thereupon to "establish a wage board consisting of *not less than* six representatives of employers in the occupation in question, of an equal number of representatives of the female employees, . . . and of *one or more* disinterested persons . . . to represent the public . . .";⁷ and (c) upon the receipt of a report from the board to "approve any or all of the determinations recommended . . . or (to) recommit the subject to the same or to a new wage board."⁸ Once approved, the rates were to be rendered obligatory, after due notice and public hearing, by a formal order of the commission effective in sixty days. Violation of the order constituted

⁵ *Resolves of 1911*, ch. 71.

⁶ Sec. 3 (*italics mine*).

⁷ Sec. 4.

⁸ Sec. 6.

a misdemeanor punishable by fine and imprisonment. (2) The basis of wage determination by the boards was made explicitly the double one of cost-of-living plus financial-condition-of-the-business, with the business considerations evidently taking the priority: "Each Wage Board shall take into consideration the *needs of the employees*, the financial condition of the occupation and the probable effect thereon of any increase in the minimum wage paid, and shall endeavor to determine the minimum wage . . . suitable for a female of ordinary ability. . . ."⁹ Apparently it was presupposed that the "suitable" wage finally reached would commonly be below the actual cost of subsistence. Such a view is borne out by the cautious words of the investigating commission's report: "It is the opinion of this commission . . . that in all these industries the wage scale *will stand* a readjustment of rates that will raise the lowest wages to *something nearer* the living wage. . . ."¹⁰

Even so careful a statute was, however, unable to run the gauntlet of the Massachusetts legislature. Before its final passage the bill was shorn of its most vital portion, the section on enforcement. The "orders" of the commission were changed to mere "recommendations," and the penalty of fine and imprisonment to mere adverse publicity. The recalcitrant employer in Massachusetts is now faced with nothing worse than the publication of his name in certain newspapers; and even this penalty he can avoid if he can prove before a court that "compliance with the recommendations of the commission would render it impossible for him to conduct his business *at a reasonable profit*."¹¹ Profits, in other words, are avowedly made a "first charge" upon the business.

The weaknesses of this earliest of American minimum wage laws may accordingly be summed up as follows, under the three heads of principle of wage determination, character of wage-fixing agency, and method of enforcement.

a. *Principle of wage determination.* Women (normal, experienced, adult women) shall receive wages just high enough to keep

⁹ Sec. 5 (italics mine). It was hoped that the weight given the employer's interests would avoid collision with the "due process" clause of the fourteenth amendment.

¹⁰ *Report of Massachusetts Commission on Minimum Wage Boards*, p. 24 (italics mine).

¹¹ Sec. 6 (italics mine). As a matter of fact, the commission has not found it worth while to publish such a black-list; instead it occasionally publishes white-lists of such employers as do comply!

them alive and physically well, *provided* their doing so does not threaten to interfere either with the general financial prosperity of the trade or with the "reasonable profits" of an individual employer.

b. The *agency* for the immediate carrying out of these principles is a large mixed board of employers and employees, with in no case more than one fifth of the total membership representing the disinterested public.

c. The sole *means of enforcement* is in the indirect pressure of public opinion. Boards and commission therefore know beforehand that any ruling that threatens to prove burdensome to the individual employer can safely be disobeyed, that anything approaching drastic action will tend to defeat its own ends.

In view of all these limitations it is surprising to find how much has been accomplished in Massachusetts. The mere focusing of attention upon the problem of wages and livelihood appears to have sufficed materially to raise the wages in many submerged trades. The usual process is for the board to thresh out what they agree to be a minimum subsistence budget, and then to see how close they think they can come to that without infringing upon the "financial condition of the business" or (what amounts to the same thing) without incurring wholesale violation of their decree. Usually the wage finally agreed upon lags about a dollar behind the original budget;¹² while this in turn has usually omit-

12 MASSACHUSETTS BUDGETS AND WAGE DECREES TO JULY 1, 1919¹

Board	Budget total	Date of budget	Decree	Date when effective
Brush	\$8.71	Jan., 1914	15½c. hr.	Aug. 15, 1914
Candy	8.75	Summer, 1914	(no decree)	
Laundry	8.77	Winter, 1915	\$8.00	Sept. 1, 1915
Retail stores.	(no exact budget)		8.50	Jan. 1, 1916
Women's clothing.	8.98	Spring, 1916	8.75	Feb. 1, 1917
Men's clothing	10.00	Spring, 1917	9.00	Jan. 1, 1918
Men's furnishings.	10.45	Summer, 1917	9.00	Feb. 1, 1918
Muslin underwear.	9.65	Winter, 1918	9.00	Aug. 1, 1918
Retail millinery...	11.64	Spring, 1918	10.00	Aug. 1, 1918
Office cleaners	11.54	Spring, 1918	30c. hr. night work 26c. hr. day work	Mar. 1, 1919
Wholesale millinery|	12.50	Fall, 1918	\$11.00	Jan. 1, 1919
Candy	12.50	June 5, 1919	12.50	Jan. 1, 1920
Canning	11.00	June 24, 1919	11.00	Sept. 1, 1919

¹ From *Sixth Annual Report of Massachusetts Minimum Wage Commission*, appendices 3 and 4; and *Monthly Labor Review*, April and August, 1919.

ted or cut down below the subsistence level a good many necessary items: even so, the minimum is usually a distinct advance over previous rates. Thus in the brush industry, the first to be investigated, the original budget came to \$8.71; the legal "suitable" rate was established at 15½ cents an hour, which allowed the average worker to earn about \$7.00,¹³ but previous average earnings had been below \$6.00. The percentage of violations at the end of the first year was gratifyingly low, and has been reported to be decreasing since.¹⁴

The example of Massachusetts so encouraged progressive groups in various parts of the Union that in the following year eight other states passed minimum wage laws. Of these by far the most important is Oregon's. It has served as a model for the bulk of our subsequent legislation, and may fairly be contrasted with the original Massachusetts statute as showing the growing definiteness and articulateness of the living wage idea.

The Oregon law provides for a central administrative commission and subsidiary boards appointed by it after the Massachusetts fashion, working through the orthodox machinery of public hearings and private investigations and conferences; but this machinery is to be used for strictly living wage ends. Section 1 reads: "*It shall be unlawful to employ women in any occupation . . . for wages which are inadequate to supply the necessary cost of living and to maintain them in health; and it shall be unlawful to employ minors . . . for unreasonably low wages.*"¹⁵ Boards and commissions alike are given no other criterion of wage fixing than this simple and explicit one of the "necessary cost of living." No mention is made anywhere of suitability, expediency, or the financial condition of the industry; instead, in every paragraph the cost-of-living basis is repeated in identical words.

¹³ This rate was based on the supposition of a 54-hour week, which would here have given the worker \$8.37. However, the industry was notorious for its prevalence of short-time work.

¹⁴ It has averaged only about 1 per cent of the employees covered. (*Report of the Minimum Wage Commission*, 1915 and 1917, pp. 14-15 and 32). However, other determinations of the commission have not been so well received. Thus the great majority of laundry employers refused, illegally but successfully (1915-1917), even to allow the commission to examine their payrolls to see what their degree of compliance was (1915 *Report*, p. 15; 1917 *Report*, p. 35); while within the women's clothing industry, the commission reports (1917 *Report*, p. 36), "Complete compliance was found . . . in only about half of the custom dressmaking establishments."

¹⁵ Italics mine.

Once the recommendations of a board have been approved by the commission, they are issued as obligatory orders, binding within sixty days upon every employer in the industry, regardless of his difficulties in meeting them; disobedience is punishable by heavy fine and imprisonment. Moreover, the personnel of the subsidiary boards (here called conferences) is so arranged that impartial decisions are more easily rendered: the whole board is smaller, the representatives of the public have a larger share of the membership, and every board has at least one member of the central commission sitting officially on it.¹⁶ In all these ways the double-standard, collective bargaining, idea—the official balancing of opposing interests—would seem to have given way before that of the living wage pure and simple.

It may well be asked, What could have caused so radical a change in legal principle in one short year? The answer is probably twofold. On the one hand, Oregon is a western state, with more radical views in regard to industry, a relatively small number of women employees, and a radical method of legislation—the minimum wage was an initiative measure. On the other hand, Oregon had the advantage of being the second state to pass such a law: she already had the solid precedent of Massachusetts to go upon; and, since American constitutionalism required the wage-fixing basis to be quite definite in any case, it became relatively easy for the Oregon advocates to insist upon sloughing off the “double-faced” and apparently mercenary elements of the older law.

Of the thirteen statutes that have followed Massachusetts and Oregon, nine may be said roughly to copy the Oregon model, one the Massachusetts model, while three have to be put into a separate category as flat-rate laws.¹⁷

¹⁶ “Such conference shall be composed of not more than three representatives of the employers in said occupation, of an equal number of . . . employees . . . and of not more than three disinterested persons representing the public and of one or more commissioners” (sec. 8).

¹⁷ Chronologically the laws run as follows:

1912—Massachusetts.

1913—California, Colorado (on the Massachusetts model, now obsolete), Minnesota, Nebraska, Oregon, Utah, Washington, Wisconsin.

1915—Arkansas, Kansas.

1917—Arizona, Colorado (new law, on the Oregon model).

1918—District of Columbia.

1919—North Dakota, Texas.

The gap in legislation that occurred during 1915-1917 was due to long-drawn

3. *Flat-rate laws.* The flat-rate laws differ from both the earlier models in that they operate, not through commissions, but through direct fiat of the statute itself. The different rates for experienced adults, learners, and minors are set once and for all in the body of the law, and apply uniformly throughout the state to all industries specified. The advantages of flat-rate legislation are that it (1) avoids the constitutional difficulty of delegation of powers and (2) is extremely simple and cheap to administer. Its overwhelming disadvantage is of course its lack of flexibility.

The simplest and most inflexible of our flat-rate laws is that of Arizona (1917). It covers all manufacturing, mercantile, hotel, restaurant, and office occupations; and sets for them one simple statewide minimum of \$10 for all females, of whatever age or experience.

Somewhat more discriminating is the Utah statute of 1913. It applies to all females in all lines of industry, but sets lower rates for minors and learners than for experienced adults. The adult rate is \$7.50 per 54-hour week. These rates were set in 1913 at the passage of the original act and have never been changed since. This is not surprising, since it would take a statutory amendment to do so.

The Arkansas law (1915) at first glance looks like a genuine hybrid between the flat-rate and the commission principle. It sets the same series of statewide rates as Utah, culminating in the same \$7.50 for experienced women, but it establishes at the same time a minimum wage commission of the usual type, under the chairmanship of the Commissioner of Labor, to revise the rate by localities or trades whenever it may appear either too high or too low. On the face of it, this would seem a good compromise, combining the advantages of a universal basic rate with those of periodic local adjustment. In practice, however, the periodic adjustment has never taken place: the commission feature of the law has remained entirely unutilized. In consequence, when, in August, 1918, the National War Labor Board was called in to consider the case of the laundry industry in Little Rock,¹⁸ it found the operatives still receiving their 1915 minimum of \$7.50 per 54-hour week, and promptly raised the scale some 40 per cent, to

litigation in the Oregon case. The law was finally upheld by a divided opinion of the Supreme Court—Justice Brandeis, as previous counsel for the defense, not voting.

¹⁸ National War Labor Board, Docket No. 233.

\$11—an interesting example of the wartime supersession of state by federal agencies.

4. *Commission law on the Massachusetts model.* Nebraska's is the only statute that today still directly follows Massachusetts in its two characteristic features. It has copied verbatim the earlier law's explicit consideration of the "financial condition of the industry," and has adopted in mitigated form its non-compulsory provisions.¹⁹ However, although passed in 1913, this law has never gone into operation.²⁰ Now that the constitutionality of the more radical type has been upheld in the Oregon case, there seems little likelihood that any other state will recur to the older model.

5. *Commission laws on the Oregon model.* Of the nine laws that, following Oregon, have both enforceable decrees and an unequivocal cost-of-living basis, three have been rendered inoperative for longer or shorter periods of time by litigation connected with the Oregon case, while a fourth has as yet been inactive (according to the commission) because of war conditions.

The new Colorado commission (1917) states that, owing to the war, . . . "there was no cause for complaint from the classes affected by the Act, and consequently this Commission has had

¹⁹ It provides no other penalty save newspaper publicity. However, the publicity is at least made mandatory, not optional with the commission, and the employer seeking exemption from it would have to prove to the court that compliance would endanger not merely his profits but "the prosperity of the business."

The Nebraska law also copies Massachusetts in a less important objectionable feature, namely the requirement of a two thirds majority for all decisions of wage boards. In Massachusetts this has operated as a direct incentive to obstinacy on the part of the employers, since employees and public, even though combined unanimously, could never outvote them. (See, e.g., the account of the disagreement of the Office Cleaner's Board, 1918, in the *Monthly Labor Review*, Apr., 1919, p. 187.) In Nebraska the provision would, however, be mitigated in practice by the companion provision that each board must have on its membership as representatives of the public the entire body of commissioners (four).

²⁰ In explanation of their failure to put any minimum wage into operation, the Nebraska commission state that no complaints were made: "Since the adoption of the law in 1913, no complaint has been filed with the Commission, and therefore no meeting of the Commission has ever been held. . . . There had been more or less agitation before this Commission was created in 1913, and during the session of legislatures since, but there seem to have been no reports of any kind made" (letter to the Secretary of the American Association for Labor Legislation, July 22, 1918).

very little . . . to do thereunder.”²¹ As a matter of fact, however, this inactivity may well have been due, at least in part, to a more absorbing interest in matters outside the minimum wage. The commission here is a general State Industrial Commission, with many duties.

The Wisconsin law (1913) also gave the wage-fixing power into the hands of its general Industrial Commission. During 1914-1917, writes their secretary, “this commission believed that little could be gained by establishing a minimum wage scale which would immediately be tied up by an injunction,” while for some time thereafter they were hampered by lack of funds.²² However, now (since August 1, 1919) they have established a state-wide minimum for experienced women and minors over seventeen in all occupations of 22 cents per hour (or \$12.10 per 55-hour week).

The Kansas law gives the power of fixing wages into the hands, neither of a minimum wage commission pure and simple nor of a general industrial commission, but of a so-called Industrial Welfare Commission created for the purpose of setting standard hours and conditions of work as well as wages. In this respect it follows Oregon²³ and the other two coast states yet to be cited.²⁴

Established as it was in 1915 after the beginning of the Oregon litigation, the Kansas commission has only been operative since March, 1918. The Minnesota commission, established two years earlier, had the advantage of a year’s enforcement of its rulings before the opening of the Oregon case, and has just revived those rulings now. Both commissions have evidently suffered from the cooling-off process incident to so long a delay: they declare themselves unable to adjust the recently legitimized rates to present prices.

“Our first minimum wage went into effect on March 18 of this year (1918),” writes a representative of the Kansas commission.²⁵ “We consider that . . . [it] is very low. [Their rate for experienced women in stores and laundries is only \$8.50, although for

²¹ *Second Report, Colorado Industrial Commission*, pp. 127-8.

²² Letter to the writer, Dec. 12, 1918.

²³ It did not seem necessary while dealing with the Oregon law to point out this additional administrative distinction, since it in no way affects the essential nature of the wage award.

²⁴ The Washington commission does not have power to fix hours, only wages and working conditions.

²⁵ Letter to the writer, October 31, 1918 (*italics mine*).

factories it has more recently been raised to \$11.] However, it was as much as the employers on our Board would concede." A representative of the Minnesota commission adds:²⁶

The Commission was reappointed on April 1st of this year (1918) [the Minnesota law had finally been declared constitutional three weeks before], and it decided to enforce the wage orders already issued . . . based on the cost of living in normal times in order that the law might go into effect at once. [These rates provided a maximum of \$9.00 for experienced workers in first class cities.] If wage rates were to be altered the Commission would have had to make an exhaustive study into the cost of living covering the entire state *because our Attorney General has ruled that wage rates must be state-wide in their effect when established*. This would have meant *a delay of at least six months* in the enforcement of the law.

Two other commission laws, those of Texas and North Dakota, have been enacted only this year (1919), so that no rulings have as yet been issued under them. The Texas law provides for an industrial welfare commission headed by the chief of the bureau of labor statistics, while the North Dakota law, in unique fashion, gives the power of fixing wages, hours, and working conditions into the hands of its state workmer's compensation bureau.

The four remaining commission statutes of a compulsory character have all been enforced from the beginning²⁷ and have resulted in the four highest sets of rates yet attempted. They belong to the three Pacific coast states (1913) and the District of Columbia (1918). The Pacific states have industrial welfare commissions, while the District of Columbia has a regular minimum wage commission. The language and substantive features of all four are, however, practically identical, the Oregon law having served as a model for the rest.

All four sets of rulings are now based on a 48-hour week. For this, Oregon and Washington fix \$13.20 as the minimum wage; California, \$13.50; and the District of Columbia, for the two trades with which it has so far dealt—printing and publishing and mercantile—no less than \$15.50 and \$16.50. All these rates have been either newly set or revised within the past year. (The oldest,

²⁶ Letter to the writer, Nov. 9, 1918 (*italics mine*).

²⁷ Strictly speaking, the California law did not really get under way until after the Oregon decision. During 1914-1915 the commission confined itself to a thorough investigation of wages and cost of living, and in 1916 issued but one order, that on canneries. As soon as the Oregon decision was rendered, however, in April, 1917, the commission sprang into full activity.

Washington's, dates only to November, 1918, while Oregon's did not become effective until October 14, 1918.) The three Pacific coast rates, like that of Wisconsin, are most noteworthy in that, for the first time, they apply uniformly to all trades covered by the law.

Two sets of factors aside from the drafting of the laws themselves, may have contributed to make these four recent sets of rates so high: in the Pacific coast states, a greater readiness to "give women a chance," coupled with a lesser degree of overcrowding in the female labor market; in the District of Columbia, the immediate proximity of the United States Bureau of Labor Statistics, with its wealth of scientific material *plus personal explanation* at the immediate service of boards and commission. However, what is perhaps still more important, all these states have had close contact between commission and local wage board. In California the executive officer of the commission acted as chairman of the recent boards, while in the record-breaking District of Columbia decision, all three members of the commission have actually thus participated.

6. *Definitions of the living wage.* The variation in wording of the living-wage definitions in all the various statutes we have seen passing in review does not, so far at least, seem to have had any direct effect upon the character of the decisions rendered. They run all the way from Kansas' "adequate for maintenance" and "to supply the necessary cost of living" to Minnesota's "sufficient to maintain the worker in health and supply . . . [her] with the necessary comforts and conditions of reasonable life" and Wisconsin's "sufficient . . . [for] . . . welfare"—"welfare" being further defined as "reasonable comfort, reasonable physical well-being, decency, and moral well-being." Almost all the statutes, following the Oregon and Massachusetts precedent, refer to health ("to maintain in good health"), and many add a reference to moral protection or to general welfare or both.

7. *The role of the advisory boards.* Another variation in the wording of the statutes, that does not seem so far to have had any marked effect upon their operation, is the variation in the role assigned the subsidiary wage boards. In some states their appointment is mandatory, in others optional with the central commission.²⁸ In practice, however, with one exception (Minne-

²⁸ The new (1919) Texas law alone makes no provision for the calling of such boards.

sota) all the commissions that are actually operative have chosen to do their work through boards.²⁹

This may seem rather surprising, since the presence of the boards necessarily complicates and delays every decision. It means a larger, more partisan and less well-informed group of people discussing each issue. However, it also means a group that is closer to the public confidence. The board members are themselves direct representatives of employers and employees, and in educating each other in methods of straight thinking on the wage problem they are at the same time helping to gain that general goodwill without which so new and tentative a type of rulings could not finally succeed.

Moreover, as a purely practical question of time, the overburdened volunteer³⁰ commissioner in a large industrial state could not afford to go exhaustively into the technical problems of each trade and then sit through a long series of hearings on each. The local board members³¹ can divide up this responsibility and pool their information at the end.

Granted, then, that it has proved desirable to retain the services of the advisory boards, the second question arises, What is (or should be) the limitation of their power as over against that of the commission? Once their advice is sought, may it be disregarded? Here interpretations differ. All the states allow the commission to reject a report and resubmit the subject to the same or a new board;³² but the real question is, May they themselves alter the recommendations without resubmittal?

Certain statutes, such as those of Oregon, Washington, and Kansas, have been interpreted unequivocally to forbid this, and the commissions chafe under the strain. A representative from Kansas writes: "We believe that the Boards are very, very helpful indeed, but—that after the public hearing the Commission

²⁹ The states in which the appointment of boards is mandatory are Massachusetts, Kansas, Nebraska, and Wisconsin.

³⁰ In most states the members of the commission are wholly unpaid. In Massachusetts and California alone do they receive a \$10 *per diem*. Wisconsin, Colorado, and Utah have general industrial commissions with salaried officers, but their minimum wage work is incidental.

³¹ Board members are ordinarily paid a very small *per diem*, usually the same rate as jurors, though in some states they receive nothing at all. Only California pays as much as \$5. Even these small amounts, however, form a serious drain upon the all too scanty funds of the commissions.

³² And all but Minnesota allow them thus to resubmit any part of the subject.

should be able to make such modifications as it thinks necessary and issue the ruling then as final."³³ On the other hand, certain other statutes, notably that of California,³⁴ plainly leave the alternative of commission action open.

In California, consequently, the commission has taken very useful advantage of its privilege: thus, when the mercantile and laundry boards of 1917 failed to come to an agreement, the commission merely made note of the two conflicting sets of budgets and proceeded to establish a final rate of its own.³⁵ Surely this is preferable to the Kansas and Massachusetts system.

8. *The composition of the advisory boards.* In dealing with Massachusetts and Oregon we have already referred to the effect of variations in the size and personnel of advisory bodies. Obviously, the larger the board, the greater will be its tendency towards debate rather than scientific analysis. Similarly, the larger the number of partisans as compared to the number of representatives of the public, the less likely is the scientific view to get a hearing. And, finally, the wider the separation of the board from the sources of information accessible to the permanent commission, the less likely is the scientific view even to be understood. The most efficient board is therefore unquestionably one in which the total membership is small, the public being represented equally with the other two sides, and on which in addition at least one member of the central commission sits permanently.

This last requirement is fulfilled in Oregon, Washington, California, and the District of Columbia, the four states as pointed out above whose boards have so far promulgated the highest rates. In Massachusetts the practice of the commission has been to appoint as one representative of the public the permanent paid secretary of the commission, who is known as "the executive officer of the board," and appears to be invested with a good deal more dignity than he is in most states. This may help to account for the relatively good rulings that the Massachusetts boards have issued. Certainly they appear to have been better informed than many

³³ Letter to the writer, Oct. 31, 1918.

³⁴ The California statute reads: "... the recommendation of such wage board shall be made a matter of record for the use of the commission" . . . ; and then: "*The commission shall have further power after a public hearing had upon its own motion or upon petition to fix . . . a minimum wage to be paid to women and minors. . .*" (secs. 5 and 6, *italics mine*).

³⁵ See *Third Biennial Report I. W. C. of California*, pp. 24ff. In both cases this final rate approximated that of the employees.

of our statutorily more fortunate bodies. In the nature of the case, the secretary of a commission is an excellent person to represent the scientific point of view to the other members of an advisory board. He is the one salaried expert who gives his full time to the work of the commission, and should of necessity be more familiar than any one else with all its sources of information. His effectiveness is, of course, further enhanced when he holds full voting membership in both bodies. This has been the fortunate practice of California, where the "woman's representative" on the commission, who acts also as its "executive officer," serves as chairman of each wage board. However, California has the weakness of providing for no other representatives of the public.

9. *Practical difficulties in wage setting: the problem of an adequate original wage.* When it comes actually to fixing a "living wage," American boards are confronted with a whole series of difficulties. In the first place, whatever may be said in the language of the statute itself, every board member knows that in practice the representatives of the employers and all who sympathize with them are bound to take the condition of the industry itself into consideration. What else, indeed, are they there for? If the object of the law were merely to establish an abstractly scientific standard of living for each employee, regardless of its reaction upon conditions of employment and trade in general, why work through representative boards at all? Why not merely have a central executive commission or, better still, a single paid expert whose duty it would be to adjust well established family standards (such as those issued by the United States Bureau of Labor Statistics) to local conditions and the needs of the single woman, revising these standards at appropriate intervals as the cost of living went up or down? In practice every one knows that minimum wage legislation is as yet in a tentative stage, that public opinion is by no means "solid" behind it, and that the work of conciliating and bringing into coöperative relations the members of all parties represented on a board is still by no means the least of its functions. The unequivocal language of our statutes, in other words, is to be regarded rather as a guidepost for further progress than as an index of present achievement, and the most that forward-looking members of boards and commissions can do is to keep its prospect fresh in the eyes of their colleagues. The great majority of representatives of the public at present tend inevitably to side with the employers so far as taking a vivid interest in the financial

welfare of the business goes. Thus questions of interstate rivalry are always favorite topics of discussion—Will such and such a rate put the manufacturers of state *A* at a disadvantage with state *B*? Very few are the representatives of the public who will not give at least some weight to such considerations.

In the second place, the representatives of the employees are seldom of a calibre at all comparable to that of the other two groups. They are themselves, as a rule, working women unaccustomed to mathematical reasoning and unable to express, in a careful and convincing manner, even the facts they have clearly in mind. Knowing beforehand that something in the nature of a struggle is about to take place, they are all too apt either to capitulate prematurely or else to resort to mere sentimental appeals that lose them public confidence. Above all, they are in very many cases unable to plead all the facts they know with even the vigor and skill of which they are capable, because they are afraid of the ill will of their employers. All our laws, to be sure, insert severe penalties for any such discrimination on the part of employers against workers who testify; but indirect discrimination is difficult to trace, and the habit of a self-subordinating frame of mind is not easy to overcome.

Finally, all three groups (the employees of course especially) are apt to be woefully untrained in the handling of budget material: frequently it is difficult for them to grasp the very concept of an average. When it comes to drawing up a supposedly accurate schedule of necessary expenditures, therefore, the chances are a hundred to one that the major items will be listed in their most favorable (*i.e.*, least expensive) light, while many very important minor items will be overlooked entirely. Employees are quite as ready as employers to omit all such items from their calculations—with the result that the budgets to which they agree are commonly several very important dollars short.³⁶

The following quotations from representatives of minimum wage commissions may help to illustrate some of the foregoing points.

³⁶ Thus questions of average medical attention, of average time lost through illness or unavoidable industrial lay-off, of recreation, gifts, insurance, dues, charity, reading matter, vacation, legal holidays, house-moving, postage, toilet supplies, railroad and carfare, extra food, etc., are tremendously skimped. The common practice is to lump a great many of them together under the catch-all "miscellaneous," with the resultant total often smaller than even one or two of its component parts would be if taken alone.

a. The bargaining character of boards ; weight given to financial considerations :

The award of \$13.20 was really a compromise between the employers and employees who served on the conference, the former having recommended \$12 and the latter \$15 (Washington).⁸⁷

Evidence is taken at each of the conferences on what the cost of living really is, but, so far, no attempt has been made to verify or sift or tabulate. . . . In the . . . conference the employers fought hard, and the employees were obstinate, so the result was really obtained by bargaining. . . . They (the employers of another conference) suggested that \$11 was a fair minimum . . . and the employees threw down their defiance in the shape of a claim that \$15 was necessary. . . . When a compromise was suggested in the shape of \$13.50, nobody offered the least objection . . . (British Columbia).⁸⁸

The function of the commission in these debates is well summed up by the Washington representative:

In the final session with only members of the board present, the wage question is always a struggle for a decent living by the employee and a struggle to keep down "overhead cost" by the employer, and when it gets to the "bargaining" point (which it always has), the Commission should insist on the text and spirit of the law that the "cost of living" is the basis on which to decide the wage.

b. Weakness in bargaining power of the employees:

We consider that our minimum wage (\$8.50) is very low. However, it was as much as the employers on our Board would concede (Kansas).

Our experience (in 1913-1914) was not satisfactory. We found the employers represented their class too well, and they tried to get the minimum as low as possible, with no reference to the cost of living. The rates finally adopted ranged from \$8 to \$9. The employees were lacking in initiative because of their fear of the employers. One might be able to get better representatives of employees in those communities where women are better organized. The idea of getting men employees to represent women employees might be worth trying . . . (Minnesota).

10. *The time element: difficulties in revising rates.* One of the discouraging things about minimum rate making is that, during a period of rapidly changing prices such as we have had ever since our first American wage laws went into effect, it takes a very short time for a rate to become antiquated.⁸⁹ When that happens it is

⁸⁷ Letter to the writer, Nov. 19, 1918.

⁸⁸ Letter to the writer, Dec., 1918.

⁸⁹ Take as an extreme case the calendar year 1917, during which the average (countrywide) increase in living costs was some 25 per cent. By the end of the year a \$10 wage would have been worth only \$8.

difficult to get the commission to act—to start afresh on the weary round of investigations and hearings and orders. The more thorough the original investigation has been, the more will it necessarily have cost in time and money, and the less funds and energy will there now be in the hands of the commission to repeat the process or any part of it. On the other hand, if the original survey has been cursory, or even if it has been painstaking but inexact, any revision based in the main on those previous findings will incorporate the errors of the old.

Of these two difficulties, Minnesota furnishes a good example of the first, Oregon of the second. In Minnesota the old 1913-1914 rates of \$8-\$9 have recently been reissued by the commission, not because any one supposes that a woman can today live on them, but because the complete new statewide survey which the commission considers necessary would take so long to finish that it seemed better to have the old rates as a stop-gap meanwhile. In Oregon the 1918 rates were based exclusively on the rise in living costs since the adoption of the 1915-1916 rates; when, as a matter of fact, the 1915-1916 rates, themselves a revision of the 1913-1914 ones, had been markedly inadequate.⁴⁰ By 1919 the lag became so apparent that in August a fresh statewide minimum of \$13.20 was enacted.

In distress over the 1918 situation of continuous inadequacy and upheaval, a representative of the Oregon commission wrote:

There is too much of a tendency to fix the minimum . . . at a bare existence. . . . If we could work out a scientific wage basis and give the Industrial Welfare Commission power to advance that minimum each time the cost of living made a perceptible advance, a lot of the machinery which now must be used would be unnecessary.

To believers in the advantages of representative wage board administration, the concluding suggestion would seem but a counsel of despair. A more hopeful possibility, in the opinion of the writer, would be to give the commission limited power of revision in accordance with the terms of an order, say for a year after the

⁴⁰ So far back as 1913 the social survey committee, of the Oregon Consumer's League, in a study which was at least more accurate than anything that has succeeded it in the state, had set about \$10 a week as a minimum living wage. Yet in 1915-1916 the rates agreed to ranged to only from \$8.56 to \$9.25. Applying (quite fairly and scientifically) the 34 per cent increase which the figures of the United States Bureau of Labor Statistics and other government agencies showed at the beginning of 1918, to these low rates, the resultant \$11.10-11.61 still fell far short of a full living minimum.

order went into effect, at the end of which time the usual conference machinery would have to be resorted to. More important than such a step, however, would be the establishment for the benefit of all our commissions of a thoroughly reliable clearing-house to formulate the basic standards themselves. An elaborate federal agency such as our Bureau of Labor Statistics is of course eminently fitted for such a task. It would be perfectly feasible for them to issue a series of detailed and authoritative standards for self-supporting women, on a strictly commodity basis, as they are at present engaged in doing for families for the various large regional zones in the country that have sharply differentiated costs and customs. These general standards the bureau would of course revise periodically in accordance with the cost of living, so that all that would remain for the state boards and commissions would be to make those purely local adjustments for which they appear to be peculiarly fitted. Even if popular pressure and the exigency of business conditions did drive a given rate temporarily well below the established commodity minimum, it would be with the immense advantage of leaving the basic facts in the case undisguised and undisputed, and the natural burden of proof weighing against the continuance of the objectionable practice.

Pending such a series of federal surveys, much could be done by local commissions in comparing, adapting, and perfecting each other's best standards, and in applying locally all the government figures that do appear. The commission secretaries, if adequately paid and endowed with double membership on board and commission as has been previously suggested, could take the lead in this work of standardization and education.

11. *The growing scope of wage awards.* Within the past six months a most remarkable and hopeful development has taken place in the direction of standardization of rates—a standardization within states and between neighboring states as well. Whereas formerly awards have always been made separately for separate trades (and often for different sections of the state), in the latter half of 1919 Wisconsin, California, and Oregon have followed the example (then unique) set by Washington a year ago, in establishing uniform rates for all industries throughout the state. In the case of the Pacific group, moreover, these rates are practically identical for all three states—\$13.20 and \$13.50 per 48-hour week. For learners, California and Oregon retain trade dis-

tinctions,⁴¹ but for experienced adults the rates all read alike. The significance of this new departure can scarcely be overemphasized. It, more than anything else we have hitherto had to record, marks the breakdown of the old system of local business protection, and the erection of living standards that can be scientifically impartial.

12. *The long view: actual earnings versus hourly rate.* The final difficulty attending the decisions of board and commission is that of equating the nominal wage rate to actual income. Nearly every one would agree, on the one hand, that it would be absurd to pay a woman deliberately choosing part time work a full week's wage. On the other hand, nearly every one would agree that it would be equally unfair to pay a woman engaged for full time work, and required to be on the premises all through working hours, for say only 25 hours of her time, if slack production, perhaps in another part of the factory, kept her machine unexpectedly idle at irregular intervals. But between these two extremes there are many gradations which prove most elusive to handle.

The great majority of our commissions have made no attempt to solve the difficulty. They have frankly adopted the hourly rate scale throughout the industries with which they have had to deal, making no variation for chronically part time or seasonal industries. That is, the so-called "weekly wage rate" they enforce is based on the assumption that *all workers work the full legal number of hours each week*: it is only by so doing that they are to be enabled to support themselves. If they work less, no matter by whose fault, they will receive less than the week's minimum income that has been agreed upon as necessary decently to support life. Thus Massachusetts' order (November, 1918) for the wholesale millinery industry contains the express proviso: "These rates (\$11 for the experienced adult) are for full time work, by which is meant the full number of hours per week (54)⁴² required by employers and permitted by the laws of the Commonwealth."⁴³ This

⁴¹ This is quite proper in view of the varying international advantages of different trades. See sections 14 and 15 below. ,

⁴² Since then (1919) the legal hours of work in Massachusetts for women and minors have been reduced to 48.

⁴³ *Monthly Labor Review*, Feb., 1919, p. 195. In the Arkansas flat-rate law the same principle is expressed even more rigidly: "*All female workers working less than 9 hours per day shall receive the same wages per hour as those working 9 hours per day*" (italics mine); while the very recent statewide Wis-

is for one of the most seasonal industries in existence, where almost any one would agree it is impossible to expect the employee to find full supplementary occupation in the short stretches between seasons.⁴⁴

A slightly more hopeful position is shown in two orders of Oregon and Washington. The Oregon order (April, 1918) reads:

When business conditions render it impracticable for an employer to furnish to any employee full time employment (54 hours), the employer shall not be required to pay such employee any greater sum than the hourly wage for the number of hours of actual employment, *provided such employer shall so arrange consecutive hours of continuous employment* that each employee may have a fair opportunity [sic!] for securing such employment as will enable her to earn a full week's wage.

Washington is a trifle more explicit as to what constitutes "employment," but fails to specify that the hours be consecutive. Among the 1915 rulings we read:

(4) When an employee is required to hold herself at certain hours at the call or service of an employer, such hours shall be included as hours of employment.

(5) . . . any arbitrary conditions imposed by the employer which prevent her from earning . . . [a living] wage is contrary to the intent and spirit of the law. *In exceptional cases*, where business conditions offer less than full time employment (8 hours a day, 48 a week), *a regular schedule of hours shall be arranged* between employer and employee . . . [so] that she may not be deprived of arranging for additional employment elsewhere.⁴⁵

In striking contrast to these half-hearted attempts at amelioration is the November, 1918, decree of the California commission. Here for the first time we have a recognition of the principle that

consin order (June, 1919) omits the mention of a weekly norm at all: "No employer shall employ any experienced female at a wage rate of less than 22 cents per hour."

⁴⁴ The same provision is to be found in the more recent decrease for canning and candy-making, also seasonal: July, 1919. (See *Massachusetts Minimum Wage Commission Bulletins* 18 and 19.)

⁴⁵ I. W. C. Rulings, Form 17A (*italics mine*). The general War Emergency Order of September, 1918, adds the following clauses: "Every . . . firm . . . offering less than full time employment to female employees in any . . . trade . . ., shall post in a conspicuous place in the establishment a proper schedule of hours to be observed, for such period of time in advance as the Industrial Welfare Commission shall in its discretion determine, not later than noon of the *preceding day*." (I. W. C. Order 18, Sept. 10, 1918; *italics are mine*.)

it is the employer who is responsible for keeping the employee's supply of work steady. The decree reads:

No person, firm, or corporation shall employ, or suffer, or permit an experienced woman or minor to be employed in any manufacturing industry at a rate of wages less than \$10 for a 48-hour week (\$0.21 per hour). *If any employer does not provide the full 48 hours of employment during any week, he must pay to all experienced adult and minor workers not less than \$0.25 per hour for the time worked.*⁴⁶

It will be seen, of course, that this California scheme, a "penalty differential" we might call it, does not help the worker who is laid off for a full week or more. In fact, if the differential were made very pronounced it might well encourage an employer in a seasonal industry (such as candy, millinery, or paper boxes) who was faced with the alternative of using all of his force on part time or using only a portion of them on full time, to choose the latter, and lay off as many as possible so as to be able to employ the remainder at the full time rate. Employments with a "peak load" on certain days of the week would, however, be materially bettered. Thus the laundry industry could not longer dock its employees for the short time provided them on Mondays and Saturdays.

A method that indirectly attacks the longer-time seasonal industries has, however, still more recently been introduced by the Wisconsin commission. Their noteworthy first wage order (June, 1919) provides that: "In seasonal industries operating only for a few months during the year no learning period is recognized, and all female and minor employees . . . shall be paid . . . [the full experienced adult minimum]."⁴⁷ Since in ordinary establishments lower rates may be paid to as many as 25 per cent of the employees, this means a very real penalty for the seasonal trade.⁴⁸

⁴⁶ Quoted in *Monthly Labor Review*, Feb., 1919, p. 192 (italics mine). Even more elaborate provisions are made in the Mercantile Order of June, 1919, whereby part time workers receive 35 cents an hour instead of 28.

⁴⁷ Industrial Commission of Wisconsin, Order of June 27, 1919, sec. 4. It should, however, be noted that the order explicitly omits all provision for the chronically short-hour industry. In section 1 of the "Findings of Fact" we read: "Many items in the cost of living of female and minor employees vary directly with the number of hours they are required to work. Those who have short hours of labor . . . having time to do much work for themselves . . ." etc. Section 1 of the order proper accordingly reads baldly: "No employer shall employ any experienced female or . . . minor . . . at a wage rate of less than 22 cents per hour."

⁴⁸ On the Wisconsin scale it would amount to about 3 to 4 per cent of the wages bill.

It would, however, doubtless be advisable to assess industries that are notoriously seasonal even more directly, by raising their general minimum for experienced workers as well. This, on a weekly basis, was the system adopted by Australian boards for the highly irregular occupation of dock laborer. "In setting the minimum hourly rate . . . , the necessary cost of a week's living was divided by the average number of hours of work obtained weekly."⁴⁹

This system has also been adopted by Massachusetts in her recent ruling on office cleaners (January, 1919).⁵⁰ This ruling is in its way quite as remarkable as the ones quoted from California and Wisconsin. Here the commission had found by previous investigation that the average number of hours worked per week at the occupation was only 36, and that four fifths of the women worked at night. The new ruling provides a 30-cent hourly rate for night work and a 26-cent rate for day work. On the basis of the full legal 54-hour week, even the day rate would yield \$14, whereas, the budget agreed to by the board amounted to only \$11.54. It was therefore the typical 36-hour worker whose case was really being provided for. True to Massachusetts tradition, she would receive somewhat less than the budget allowed, *viz.*, at the 30-cent rate, \$10.80 a week, and at the 26-cent rate, \$9.26. These are not very munificent sums, but the recognition they show of the short-time problem is extremely important.

However, the idea suggested by the California decree, of making the rate directly enforceable upon the individual employer who fails to provide full work, *and upon him alone*, seems too good to lose sight of. Perhaps a combination of both methods would be possible, namely a slight penalty for the habitually seasonal or short time industry as a whole in the shape of a higher hourly rate, and an additional differential for the employer whose work was unusually irregular.⁵¹

⁴⁹ *New Statesman*, June 6, 1914, p. 263, quoted in Commons and Andrews, *Principles of Labor Legislation*, p. 182.

⁵⁰ See *Monthly Labor Review*, Apr., 1919, pp. 186-7.

⁵¹ This could be assessed in some such way as the one originally outlined by the chairman of the first Massachusetts brush board (quoted in *Annual Report of New York Factory Investigating Commission*, vol. VI (1915), appendix IV, p. 683): "Each weekly pay day the minimum weekly rate set by this Board shall be multiplied by 10, and if the total earnings during that 10-week period immediately preceding each weekly pay day do not equal that amount, the difference shall be paid her each week." A simpler method, however, in the

A point which it is important to stress, while dealing with the matter of hourly rates, is that it is closely bound up with the question of the legal hours of employment in each state. The same weekly minimum may mean very different things to both employer and employee if the number of hours for which it is being paid is different. Thus Oregon in April of 1918 changed her minimum for manufactures from \$8.64 to \$11.61. Meanwhile her neighbors, Washington and California, were paying only \$10.⁵² At first the employer members of her board protested at this disproportionate advance, but it was successfully pointed out to them that, since both Washington and California were limited to a 48-hour week, while Oregon worked 54, the respective wage rates for the three states would be rendered practically equal, thus:

Washington and California \$10.00 a week \div 48 hours = 21 cents per hour.⁵³
 Oregon \$11.61 a week \div 54 hours = 21½ cents per hour.

The close connection between hours of work and wages per hour is doubtless one very important reason why so many of our states have assigned hours as well as wages to the jurisdiction of their minimum wage ("industrial welfare") commissions. Where no direct connection between the hour-fixing and the wage-fixing machinery of a state exists, it is always possible to reduce the hourly wage by increasing the number of hours for a given industry. Thus a representative of the Washington commission writes: "During one session of the Legislature the . . . Association . . . attempted to secure an amendment to the woman's 8-hour law providing for an emergency clause allowing overtime. Had this passed, it would have indirectly reduced wages, as all wages are

opinion of the writer would be to assess each employer at an hourly rate that roughly corresponds to the average per capita short time that he had provided during a specified period in the recent past. Thus an employer who had averaged 20 per cent fluctuation above that allowed for in the general trade estimate, would have to pay a 20 per cent differential on his minimum hourly rate. (Needless to say "short time" in the above sense does not include time lost by the worker's own fault, *i.e.*, voluntary absenteeism.)

⁵² The California decrees at this time did not cover manufacture, but \$10 was the rate for stores, etc.

⁵³ Incidentally the Oregon members were made to realize that hitherto the advantage had lain very heavily on the other side and that, nevertheless, their neighbors had not been ruined. Up to this time, when the Washington and California rates were already \$10, or 21 cents per hour, the Oregon rates for manufacture had ranged from \$8.25 to \$8.64, or 15½-16 cents per hour. (The higher rate was for the city of Portland.)

based on an 8-hour day and 6-day week.”⁵⁴ And again, “The question of seasonal industries, such as fish and fruit canning do not come under the Factory Orders and the wage⁵⁵ applies to them.” The converse of this connection is seen where the legal hours of work are suddenly reduced. The wage per hour is automatically raised. Thus Massachusetts’ adoption (1919) of a 48-hour week in place of a 54, gives her women nearly a 13 per cent hourly increase.

13. *Special class of workers: the defective.* Besides the difficulties attendant upon the setting of the regular rate for normal adult women, our minimum wage commissions have to face the problems of three special classes of workers generally recognized as sub-standard: the young, the inexperienced, and the defective. Of these the defective have thus far proved much the easiest to deal with.

In all our states save Massachusetts, Wisconsin, and Kansas the class is narrowed to include only adult women who are physically defective.⁵⁶ The method of handling these cases is always by individual license, issuable by the commission direct. The wage boards naturally have nothing to do with them. Each license sets a special sub-standard rate for the worker concerned, which may be temporary or permanent according to the nature of the defect and the wording of the law. Some laws limit the proportion of defectives that may be employed in any one establishment to one in ten.

So far the total number of licenses issued by the active minimum wage states has been surprisingly small. As one secretary writes, “Employers evidently do not want to ask for defectives’ permits unless there is no question about the employee being unable to make a living because of . . . her defect.” Washington reports only fifty in five years of commission activity. The California commission states in respect to the laundry industry, where infirm workers are more easily accommodated than elsewhere: “No license has been granted to any woman except upon the signed statement of a licensed physician that the applicant was not able

⁵⁴ Letter to the writer, Oct. 26, 1918.

⁵⁵ *I.e.*, the rate per hour. This gives a higher weekly wage to these long-hour industries.

⁵⁶ In Wisconsin, however, it applies to “any female or minor unable to earn the living wage,” and in Massachusetts and Kansas to “any employee . . . of less than ordinary ability. . . .”

to work to normal capacity at ordinary tasks, either because of age or physical disability." Even then no license is granted for less than \$8. . . . In November, 1918 less than 3 per cent of the total employees. . . . [held] such permits."⁵⁷

None of these states report any difficulty because of applications from the mentally defective. In many cases of course the mentally defective would also be physically handicapped, and thus receive their classification without question. Of the six licenses thus far issued by the Minnesota commission, three were for women thus doubly handicapped. Our informant states that no case of purely mental defect has as yet arisen. The Washington commission reports similarly: "We have had no application from a mentally subnormal person."

In view of the large number of mental defectives known to be at large in our population, this state of affairs is certainly surprising. Perhaps the majority of them find their way into simple piece work operations where their reduced output can affect no one but themselves.⁵⁸ Others doubtless drift about from job to job, never making themselves valuable enough to an employer to cause him even to try for a license for them. But a large remainder appear to be still unaccounted for. Can it be that much of our industry is so simplified and routinized that even a moron is good enough to support herself at it? Nay, possibly that she may in some respects be preferable to her normal and therefore more restless sister?

In the future without doubt the problem of the defective will grow more acute, as minimum wage legislation is extended to our more thickly settled industrial states, and as the minimums in our existing rulings are raised to something nearer a full living wage. A clear understanding of the ground of licensing would then be imperative. The Massachusetts-Kansas-Wisconsin system of "wide open" licenses would doubtless offer increasing dangers; while a definition that strictly excluded all but the physically incapacitated would doubtless err equally on the other side.

As the number of licenses grows, opportunities for constructive

⁵⁷ *Third Biennial Report I. W. C. of California*, p. 70.

⁵⁸ However, in a state like California they would probably be discovered even there, if large numbers congregated in any one branch of piece work, for California has the provision in her ruling on manufactures that 66 $\frac{2}{3}$ per cent of all pieceworkers employed by any one establishment must earn over the weekly rate. (I. W. C. Order No. 11, amended 1919, sec. 8(d).)

social work on the part of the commissions should grow also. They can become the logical centralizing agency, the clearing house, for putting adult women defectives in touch with other appropriate agencies. The system of renewable licenses will enable them to keep track of the progress of each case, while threat of forfeiture gives them unusual persuasive power.

13. *Minors and apprentices.* The problem of the untrained and the immature worker is far more puzzling. How long does it take a woman to learn a trade? (What trade?) How much longer does it take her if she is not a woman but a young girl? (In which trades does age count for most?) Are there any trades in which an experienced girl under eighteen is as useful as if she were grown? What is a trade anyway? How far shall one go in subdividing our complicated industry to tell when a woman who is changing her position must begin at an apprentice wage over again? These are some of the questions that have gradually been brought home to our commissions in the course of their operations.

The method of administering the problem is unfortunately somewhat complicated. In most of our laws it is provided that both these classes of workers shall receive special rates, but that, while the rate for minors shall be fixed by the commission direct, that for adult learners shall be reached by the usual board machinery.⁵⁹ It may well be that some of the planlessness of which we shall hereafter have cause to complain is due to this divided responsibility. On the face of it, the two problems are so closely related that it seems only reasonable to have the same agency responsible for both. That agency, in view of the extreme complexity of the subject, would naturally be the central commission. However, the technical trade advice of the lower boards could be made extremely valuable to the commission, provided it were not made finally binding.

The Oregon apprenticeship rulings show very interestingly how one commission, or, if you will, one group of boards, has gradually been awakening to the complexity of its task. In the 1913 ap-

⁵⁹ The laws of two states, California and Washington, make no express distinction between the wages to be paid the skilled and the unskilled; and California makes no distinction between minors and adults. Both these states, however, empower the commission to issue individual apprenticeship licenses. In practice this provision appears to have made for greater flexibility of rulings. (Note, however, that in her general War Emergency Order of November, 1918, Washington chose to ignore all differences of skill—the flat rate of \$13.20 being supposed to apply to all women and the \$9 to all minors.)

prenticeship conferences Oregon merely issued a flat-rate minimum of \$6 per 54-hour week for all industries, "and the maximum length of time such workers shall be considered inexperienced in *any one* industry, shall . . . be . . . one year."⁶⁰ Here we have no attempt to define what is to be considered "one industry," and no distinction between apprentices who are brand new and those who are almost completely experienced. Moreover, the learning period itself is extremely long. If such length had any justification at all, one would suppose it could only be on the ground of acquainting the learner with a good many branches of a rather difficult trade.

The commissioners themselves, however, apparently had no clear idea on the subject, for they seem to have done nothing to prevent employers from taking advantage of the loose wording of the ruling. By 1916 such grave abuses had sprung up that the new conference then in session was instructed to consider a refinement of terms. "Some employers dismissed girls as soon as the first year had expired or shifted them to slightly new work in different departments, thus starting them on a second year of apprenticeship at \$1 a day."⁶¹ It apparently never occurred to the conference to go so far as to require the new employer to pay the girl what she had last been receiving or to force the old employer to increase the girl's wage at the expiration of a year of any sort of service with him. Instead, they tried the method of inducements: they adopted a rising scale, beginning at \$6 as before, but increasing \$1 every four months, so that by the end of the year the apprentice would be receiving very nearly the full adult minimum, and the temptation to dismiss her would be very much reduced. This device of the graduated scale is now in use by practically all our commission states.⁶² It operates as an incentive to the employee to stick to her job as well as to the employer to retain her.

By 1918 Oregon had decided to attempt a refinement of the graduated scale. When it came to raising the general level of

⁶⁰ Quoted in *The Oregon Minimum Wage Law* (Reed College A.B. thesis), by Samuel B. Weinstein, p. 21 (*italics mine*).

⁶¹ *Ibid.*, p. 31.

⁶² California in her latest order (No. 5, amended June, 1919) adds the express warning, "Learners' permits will be withheld by the Commission where . . . firms . . . make a practice of dismissing learners when they reach their promotional periods."

wage rulings in accordance with war prices, the mercantile conference decided to abandon the policy of fixed 3-month periods and to substitute irregular periods, the first very much shorter than the others, to encourage the new hand to overcome the inertia of the first few weeks; moreover they decided to shorten the total apprenticeship term for their industry from a year to eight months.⁶³

All the Oregon 1918 conferences finally realized the necessity of meeting squarely the abuse of shifting girls about from one department to another. They accordingly had the commission issue the following ruling: "After any woman shall have completed any prescribed period of service as an apprentice, she shall not thereafter, *while working for the same employer*, be paid a wage less than that prescribed for the next succeeding period, unless a permit therefor shall be issued by the Industrial Welfare Commission."⁶⁴

So far Oregon has not issued any ruling to prohibit a *new* employer from engaging a partly experienced girl at a beginner's wage. Discussion at present centers about the question of how greatly variations in individual firm methods justify at least a short initial term of fresh apprenticeship.⁶⁵ Wisconsin and Arkansas alone have faced the issue unequivocally. The Arkansas flat-rate law (1915) states: "All time served as inexperienced workers or apprentices shall be cumulative," while the Wisconsin commission's first wage order (June, 1919) reads: "Employees shall be deemed experienced after six months of employment in the trade or industry whether for the same employer or different employers."⁶⁶

In general it may safely be said that the problems of apprenticeship have not received the thorough and dispassionate study which they demand; that, in fact, they have been slighted as compared

⁶³ This system has been perpetuated under the new 1919 rulings. The mercantile scale now runs: first month \$9 per 48-hour week; next three months, \$10.50; last four months, \$12; full adult wage, \$13.20. A somewhat similar system had previously been in force in Washington for the laundry and telephone industries. (Oregon I. W. C. Order No. 37, Aug. 12, 1918, sec. 3.)

⁶⁴ I. W. C. Order No. 36, Apr. 12, 1918, sec. 5 (*italics mine*).

⁶⁵ Some commissions take the mild precaution of requiring the old employer at any time to furnish the apprentice upon request with a certificate showing the length of her service with him. Arkansas contains this provision in her statute.

⁶⁶ I. W. C. Order of June 27, 1919, sec. 4.

with the problems of the experienced worker. Very probably the chief fault lies in a lack of vital interest on the part of the employees' representatives—their own apprenticeship period lying so very far in the background of their memory, combined with a lack of intimate knowledge of trade processes on the part of the representatives of the public, and a natural desire on the part of the employers to "get a bit of their own back" where they find least opposition to it. Unquestionably the great majority of our apprenticeship periods have been too long, the wages too low, the instruction indifferent, and the opportunity for abuses in the way of repetition of half completed periods too little guarded against.⁸⁷

It would take a very thorough revamping of our present industrial methods to give inexperienced women the most rapid and thorough training of which they are capable; but surely the process could be greatly speeded up by the mere mechanical shortening of the learning period, forcing the employer to concentrate whatever training he did propose to give into a shorter time, and protecting him with low initial wages but a rapidly rising scale, on the one hand, from the temptation of discharging the partially trained, and, on the other, from the inclination of the partially trained themselves to wander off and seek a fresh trade.

The extent to which the length of the apprenticeship period may be a matter of local custom—or rather of local inertia—is shown by a comparison of three recent laundry awards of Massachusetts and Arkansas. In Massachusetts all apprenticeship periods are extremely long (probably yet another reflection upon her system of non-enforceable awards), ranging from one to a full two years.⁸⁸ Her laundry award whereby workers are "held experienced after one year, if absences have not been of unreasonable duration," is therefore by no means exceptional.⁸⁹ In Arkansas,

⁸⁷ One abuse very commonly guarded against is the employment of a disproportionate number of apprentices in any one establishment. Thus the new California rulings for . . . stores and factories provide that: "The total number of learners . . . (adult and minor combined) shall not exceed 33 1/3 per cent of the total number of [workers] employed", (sec. 3). See I. W. C. Orders 5 and 11 amended, 1919, secs. 1(c).

⁸⁸ See table, "Minimum Wage Regulations for Women, January 1, 1917," in *Oregon Minimum Wage Brief*, p. 76.

⁸⁹ Thus millinery (Dec., 1918) requires two years, candy-making (July, 1919) a year and a half, and even canning (July, 1919) a year! Contrast with this last the recent Wisconsin decree: "In seasonal industries operating only for a few months during the year no learning period is recognized, and all female and minor employees . . . shall be paid . . . [the full experienced adult wage]." (Minimum Wage Order No. 1, June 27, 1919, sec. 4.)

by the 1915 flat-rate statute, the apprenticeship period for all trades (laundries therefore included) was set at six months, just half that of Massachusetts. Yet when in the summer of 1918 the National War Labor Board came into that state to settle the laundry difficulties in Little Rock, it not only raised the whole wage scale tremendously, but promptly reduced the six-month period to *thirty days*.⁷⁰ Here we have a variation in three typical rulings of 1200 per cent.⁷¹ Which of the three was right?⁷²

15. *Some special problems of minors.* For the workers under eighteen, the difficulty of securing adequate training in the shortest possible time is complicated by the desirability of keeping the younger of them out of industry altogether. A high initial wage, it may cogently be argued, directly encourages the small boy or girl of fourteen to leave school and go to work. On the other hand, a very low initial wage encourages the employer to seek out all the immature help he can. Which is stronger, the inducement to the child and its parents or the inducement to the employer?

Most of our commissions have taken a middle ground, apparently assuming that while it is their primary duty to protect the child from crass wage exploitation, they need not scale up his wages too meticulously in accordance with his probable productivity. Thus Oregon's 1919 orders assigned all minors between fourteen and fifteen a flat-rate of \$6, those between fifteen and sixteen, \$7.20.⁷³ In Washington, for two years previously, the flat-

⁷⁰ National War Labor Board, Docket No. 233, *Joint Report of Section in re Employees vs. Laundry Owners, Little Rock, Arkansas*.

⁷¹ An almost equally striking variation is found in the laundry rulings (prior to Sept., 1918) of the three Pacific coast states, where conditions of work might be considered more closely equivalent and where no outside agency has interfered. In Oregon the period was one year; in California, fifteen months; and in Washington, two months! The California period has now been reduced to six months, while Washington's 1918 rulings recognize no learning period at all.

⁷² The arguments for short time training are certainly borne out by the experience of the U. S. Shipping Board, which during 1918 carried on apprenticeship courses for all the various difficult shipyard trades. The learners, who "were drawn principally from unskilled shipyard work and from manufacturing," were after their training able in the main to hold their own with experienced journeymen." Yet "Statistics from twenty-one yards indicate that the average training period for all men was nineteen days." (See P. H. Douglas and F. E. Wolfe, "Labor Administration in the Shipbuilding Industry during the War," *Journal of Political Economy*, May, 1919, pp. 378-9.)

⁷³ Oregon I. W. C. Order No. 46, Aug. 12, 1919.

rate for all under sixteen was \$6.⁷⁴ In their wartime emergency conference, the Washington commission, however, appears to have swung over to the full productivity idea: its minimum for all minors is now \$9, with a dollar increase every six months of employment.⁷⁵ In British Columbia, the commission has taken the commendable stand of trying to keep the girl under sixteen out of industry altogether by "preventing, except under special license, the employment of such girls" and by "collaborating with the educational authorities to raise the age for leaving school [and] . . . to provide more satisfactory methods for industrial . . . education."⁷⁶

For minors over sixteen there seems no good reason to prolong the low-wage period beyond what is absolutely necessary by reason of lack of skill. All our commissions now arrange a rising apprentice scale for these workers, but in most states the rise is unduly slow. Thus in Oregon, while the initial wage for minors over sixteen is nearly as high as that for women learners (*viz.*, \$8.50 instead of \$9), the subsequent advance toward the full minimum takes three times as long. "For the purpose of determining a rising scale for minor apprentices the working time of female minors between sixteen and eighteen years shall be divided into periods of three months each. Each period . . . shall be considered the equivalent of one month in the corresponding period of the apprenticeship of the adult worker."⁷⁷ There are no exceptions to this rule. Consequently no girl under eighteen, however proficient she may be and however long her trade experience (it may be almost four years), can ever command the adult minimum. Minors over sixteen who are not apprentices also begin at \$8.50 and are advanced 50 cents every six months.

In Massachusetts the rise is even slower. There in the retail store industry no girl, however experienced, can command more than an apprentice wage until she is over nineteen; while in women's clothing factories she must be nineteen and a half.

In California, on the other hand, mere immaturity as such is not allowed to affect the status of a worker once she is partially experienced. Here in the laundry, and hotel, and restaurant industries the girl of from fourteen to eighteen starts on an exact par

⁷⁴ Washington I. W. C. Order, Sept. 14, 1917.

⁷⁵ *I.e.*, until the adult minimum of \$13.20 is reached.

⁷⁶ Letter to the writer by a close associate of the commission, Jan. 17, 1919.

⁷⁷ I. W. C. Order No. 46, sec. 2.

with her adult sister; in stores, factories, and offices she starts at a dollar lower wage, but after a given initial period continues on through the regular stages of adult apprenticeship at adult wages; only in "unskilled and unclassified" occupations does she remain permanently below adult par.⁷⁸

In Wisconsin the exceptionally proficient minor is safeguarded by the provision: "Permit children producing the same output as employees in a higher wage classification shall be paid not less than the minimum wage rate for such class."⁷⁹

Conclusion

In summing up this review of American minimum wage administration, it may be well to group our recommendations for the future under three definite heads: first, the need for a real living standard; second, the need for a more flexible standard; third, the need for centralization of administrative responsibility.

I. A real living standard.

1. First and foremost among our needs is undoubtedly that of a clear, unequivocal, basic standard of living for the working woman, a standard that shall take account of the whole range of her necessities, not only day by day but year by year.⁸⁰ For this we should have a *standard budget*, formulated preferably by our federal Bureau of Labor Statistics, revised by them periodically in accordance with changes in the cost of living, and adjustable by local boards and commissions to local conditions.

2. To reduce this budget to terms of *weekly wage rate*, we must have (a) a clear-cut policy on the part of boards and commissions that the "living wage" shall mean a "living income" the year round; (b) more accurate information by these bodies as to local irregularities of employment; (c) a simple method of advancing hourly rates by "irregularity differentials" whenever trades or individual establishments fail to provide full time work.

3. A necessary corollary to such a full living standard would be the extension of our special provisions for sub-standard workers. (a) For defectives, who would now of course include the

⁷⁸ For three weeks she receives \$8 instead of the adult's \$10, and thereafter \$10 instead of the adult's \$13.50.

⁷⁹ In Order of June 27, 1919, sec. 3.

⁸⁰ For a detailed discussion of the components of such a standard see the writer's forthcoming article, "The Standard of Living for Working Women: a Criticism of Current Theories," in the *Quarterly Journal of Economics*.

mentally incapable, the double system of individual licensing plus limitation of numbers in any one establishment might well be revised to include a third element, namely, the selection of a series of especially "approved" occupations, in which such workers could be allowed to congregate without limit; each plant in the "approved" list being subject to special supervision by the commission—all defective workers meanwhile, whether working in an "approved" establishment or at large, to be inspected and re-licensed periodically. (b) For *inexperienced workers and minors* we need a more scientific series of statewide "rock-bottom" minimums, graded according to age; and above these, a series of specially adjusted apprentice minimums that should be as varied as the trades they represent. That is, it should be left to the discretion of the commission and boards whether for a given trade there should be any distinction at all between the comparatively new and the old hand, or between the youthful and the adult; and if there should, just what ought to be their relative rates of advance. The number of apprentices allowed in any one establishment should doubtless continue to be limited.

II. *A flexible standard.*

Next only to the need for a standard that shall be adequate at the outset, is the need for a greater flexibility in its application. I have already pointed out the need for (1) more rapid revision of established rates in times of sudden price changes, and have suggested that for specified periods of a year or so the commissions be given *ad interim* power to revise existing rates. They could readily do this in accordance with the cost-of-living index numbers which the Bureau of Labor Statistics could furnish them. Two other devices for increasing flexibility are, however, no less important. These are (2) the forestalling of bad wage conditions that are as yet only apprehended, by empowering the commission to issue rulings for trades that may at the time still be on a living basis; and (3) the easing off of radical advances for the employer by permitting the commission under exceptional circumstances to distribute the scheduled advance in wages over a specified period. Reform number three is a refinement over the method now in force in Washington (where the application of the whole rate as such may be postponed), and is to be found in its present form in the excellent new British Trades Board Act of 1918.⁸¹

⁸¹ It was also used, although without express legal provision, by the original

Number two occurs in the revised British statute alone.⁸² Both these innovations are of great significance; the anticipation of low wages is especially valuable in a time of sudden oversupply of labor such as has occurred in many industries since the close of the war; while the gradual application of certain rates is sure to become a practical necessity as the living-wage idea becomes more firmly established and radical advances grow more common. Where some compromise with purely financial considerations appears inevitable, this form is infinitely preferable to the current one (of setting up a final rate that is sub-standard), since this proposed device is self-remedying and deceives no one.

III. *Centralization of administrative responsibility.*

Finally we need a greater concentration of power and of the responsibility that goes with it if our commissions are to operate effectively in the larger industrial states. The writer has already pointed out the advantages that accrue from (1) empowering the commission upon occasion to *overrule the advice of the boards* and (2) *giving the executive officer of the commission a voting membership* on both the boards and the commission itself. The combination of these two devices should go far toward helping to organize the information at the commission's disposal and bringing it to bear impartially upon the formation of a consistent policy.

3. A more radical change in organization that might prove very advantageous in our larger states would be to place the whole minimum wage commission under the charge of the existing Department of Labor, making of it an *independent bureau* with a special *Deputy Commissioner of Labor at its head*. He would then become the paid executive officer of the commission, taking

Massachusetts Brush Makers' Wage Board in 1914:—"The rate to go into effect at once shall be 15½ cents an hour. At the end of a year's time the rate shall automatically become 18 cents. . . ." (*Second Annual Report of the Minimum Wage Commission of Massachusetts*, p. 9.) Ordinarily Massachusetts follows the Washington method. Thus the candy decree of last July does not go into effect until January.

⁸² *The Monthly Labor Review*, Nov., 1918, paraphrases and comments upon these two provisions as follows: "The new act permits the Minister of Labor to apply its provisions to any trade in which it appears to him that no adequate machinery exists for the effective regulation of wages. *It is thus possible to forestall an apprehended fall in wages in view of changes or anticipated changes in conditions of employment.* . . . Rates may also be fixed to come into operation successively on the expiration of specified periods, and variations in rates may be declared operative only during specified periods."

over the representative duties we were just now assigning to the secretary. This system would have the advantage of placing freely at the commission's disposal all the information that could be gathered by the department⁸³ as well as its full power of inspection and enforcement without giving up the commission's local autonomy.⁸⁴ Its possible disadvantage would be the transfer to the commission of any inefficiency that lurked in the department."

4. A most significant centralization in administrative methods (as distinct from organization) that already has taken place in four of our states is the widening in scope of wage awards. As has been pointed out, the fixing of statewide adult rates, combined with carefully specialized trade provisions for the inexperienced, marks the opening of a new era in scientific standards.

5. A useful precursor to such standardization would be the regular holding of *regional conferences* for groups of states that face the same economic problems. Such a conference was held tentatively and informally between the three Pacific coast states at the invitation of the Washington commission, just before that body called together its own war emergency conference. It is highly probable that it was influential in the subsequent raising of the California and Oregon rates to the uniform Washington level. Similarly, when once the perennially reintroduced New York and Pennsylvania bills become law, a North Atlantic conference between these states and Massachusetts (and perhaps by that time New Jersey) would certainly appear to be in order. In view of the sometimes wide variations of the law between neighboring states, it would of course be best not to introduce any formality into these meetings, but to have the understandings arrived at mere "gentlemen's agreements." As such they should go far to allay interstate misunderstandings and break the force of the constantly recurring employers' argument in regard to throttling competition. They should certainly serve as a spur to the laggard states in each group.

In making all these specific recommendations we have not forgotten that at the basis of all our reforms must lie a growth of

⁸³ Most of our existing laws provide that the department shall collect data for the commission upon request, but so long as the two agencies remain separate this is apt to cause friction. The new Texas law overcomes this difficulty by providing that the head of the bureau of labor statistics shall himself serve as chairman of the new commission.

⁸⁴ The new North Dakota law gives the task of wage setting into the hands of the existing workmen's compensation bureau.

public confidence and interest in the work of the commissions. The chain of minimum wage activity can be no stronger than its weakest link, which is the assistance every commission has to receive from the public—in the form of adequate representation on its boards, attendance at its hearings, support from the courts, and, above all, adequate appropriations from the state legislature. The financial difficulties under which some of our most progressive commissions have been struggling make the degree of their success really astounding.⁸⁵ The commissions themselves must of course do all they can to extend the field of their publicity. Whenever, as in the case of Massachusetts, they have been blessed with sufficient funds, they have indeed gone into print very vigorously, if somewhat learnedly. But the larger and less dignified task of widespread popular appeal must necessarily rest with the outside friends of the movement. If half the energy that habitually goes to pushing minimum wage campaigns were carried over and devoted to popularizing the work of the commissions when once they have been established, the whole range of problems we have been discussing would be immensely simplified.

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⁸⁵ Is it for example generally known that the Oregon commission has an annual appropriation for *all* purposes (including secretary's salary, office expenses, investigations, rent, publicity, inspection and enforcement!) of only \$3,500?

THE COST OF THE WAR AND HOW IT WAS MET

The time has not yet come for a final statement of the fiscal history of the war. For one thing, the figures are not yet completely available; and, in the next place, the expenses connected with the war are not yet over. It is, however, not premature, one year after the declaration of the armistice, to attempt to present in a summary fashion a preliminary survey and interpretation of the facts. Various ad interim endeavors to present certain phases of the subject have already been made.¹

The problems to which it is desired here to call attention are as follows. In the first place, what is meant by the cost of war? Secondly, in considering actual governmental outlays, is it desirable to distinguish between the expenditures during the war and war expenditures? And, if the answer be in the affirmative, how are the latter facts to be ascertained? In the third place, from what sources were the actual war outlays derived? This introduces, of course, the question of taxes versus loans. The facts as to taxation are first to be secured. Here it will be seen that there is considerable confusion as to what is meant by war taxes, and that, just as there has been a failure to distinguish between expenditures of the war period and war expenditures, so the proper line has not been drawn between taxation during the war and war

¹ The most valuable presentation of facts for the earlier period of the war will be found in the bulletins of the Copenhagen War Study Society and of the *Société de Banque Suisse*. Some later figures will be found in L. P. Ayres, *The War with Germany*, published by the Statistics Branch of the General Staff of Washington, 1919. Some computations as to the cost of the war will be found in Edgar Crammond's *Address on the Cost of the War* before the Institute of Bankers, London, March, 1919; as well as in Sir Edward Holden's *The Cost of the War and its Payment* in his report to the London City and Midland Bank, January, 1919. Facts as to public debts will be found in *The World's War Debt* (Mechanics and Metals National Bank, New York, 1919); in *The Internal War Loans of Belligerent Countries* (National City Company, 1918); and in the article by L. R. Gottlieb on the "Indebtedness of the Principal Belligerents" in the *Quarterly Journal of Economics* for May, 1919. The most valuable document for the earlier period of the war is the report, No. 4133, to the French Chamber of Deputies, by M. Louis Marin in 1917. By all odds the most complete and valuable studies on the subject are those by Professor Gaston Jèze in almost every number of the *Revue de Science et de Législation Financières*. He has dealt particularly with England, France, Italy, and Germany in three series of articles entitled respectively "Les Finances de Guerre," "Les Méthodes Financières," et "Les Emprunts de Guerre."

taxation. A correct interpretation of the facts will yield some rather unexpected results. The fourth problem is that of the relative weight attached by different countries to the various categories of taxation in raising the necessary revenues. Finally, we have to consider the rôle played by public debts and the relative importance attached to long-time and short-period borrowings.

In order to put the results in the most compact form, a series of tables have been constructed. The figures throughout this article have been taken from official sources;² and the foreign currencies have been converted into dollars according to a scale which represents their actual pre-war coin value.³ Owing to the depreciation of the foreign currencies, this naturally gives a somewhat exaggerated picture of the existing burdens.

I

The cost of the war may mean several different things. In the narrower sense, it means the actual money outlay, or expenditure

² The official sources that have been utilized are as follows:

Great Britain: The various speeches, as found in Hansard, of the chancellors of the exchequer (Lloyd George, 1914-15; McKenna, 1915-16; Bonar Law, 1917-18; and Austen Chamberlain, 1919,—the last being his speeches of May and June, 1919) and of the Prime Ministers (Asquith and Lloyd George); the *Annual Finance Accounts*; the *Reports of H. M. Inland Revenue*; and the *Return relating to the National Debt from 1875 on* (cd. 8972, 1918).

France: The annual reports (*Rapports Généraux*) of the Budget Commission; the *Exposé des Motifs du Projet de Loi* for each of the new revenue laws; and the speeches in the Chamber of Deputies of the Ministers of Finance (Ribot, 1915-16; Klotz, 1917-19,—the last being the speech of May 27, 1919).

Italy: The reports (*Relazioni*) and speeches of the Ministers of the Treasury (Carcano, 1916-17; Nitti, 1917-18; Stringher, 1919; Schanzer, 1919,—the last being the speech of July, 1919) as well as the studies of Professors Flora, Cabiati and Einaudi.

Germany: The Reichstag speeches of the Ministers of Finance (Kuhn, 1914-15; Helfferich, 1915-16; von Roedern, 1916-18; Schiffer 1918-19; and Erzberger, 1919,—the last being his speech of October, 1919).

Russia: The reports of the Ministers of Finance, especially Bark, 1914-16; Gukovski, 1916-17; and Tereschenko, 1917.

Austria-Hungary: The reports of the Budget Commissions.

Translation of some of these reports will be found in the *Bulletin de Statistique*. Excerpts from some of the above reports as well as of the official reports of other countries will be found in the current numbers of *The Economist* and *L'Economiste Européen*.

³ 1 £ = \$4.87.

1 franc = 19.3 cents.

1 mark = 23.8 cents.

1 ruble = 51.5 cents.

1 crown = 20.3 cents.

1 £ T =

in dollars and cents, directly involved in prosecuting the war. In the wider sense it includes many items, both direct and indirect, which are of significance from the economic point of view. The real cost of the war in this sense may mean either the actual loss of lives and of property or the diminution of the annual social output. The direct loss of property is susceptible of fairly accurate measure; the cost due to the loss of lives is more difficult to estimate. Most of the calculations on the latter point have been entirely arbitrary. So far as the wealth of a country is measured by its social income it may be reduced by the actual loss of territory, as in Germany and Austria; by the impairment of its natural resources such as coal mines and forests, as in France; by the reduction of labor power, due to the wounded workmen or the results of starvation on the civilian population, as in most of the European countries; or by the loss of economic efficiency due to a lowering of the standard of life or to a change in the attitude toward habits of work. The total costs of a war in this sense, although they are for the most part incalculable, are none the less of profound significance.

In this paper we shall attempt to deal only with the direct money costs. These direct money costs or governmental expenditures for war include not only the actual outlays for military and naval purposes but also the whole range of expenditures incurred in industrial life to prepare the wherewithal for the army and navy; and they also comprise the sums devoted to the maintenance of the families of the soldiers. All these items are far greater in modern times than they used to be. It is a far cry from the meeting of two savage tribes armed with bows and arrows or javelins to the modern sixteen inch guns, the dreadnoughts, the aeroplanes, the submarines, the poison gas, and the innumerable technical adjuncts of modern warfare. The consequence is that the money costs of the great war have far transcended those of all previous conflicts.

The attempt to present in figures the cost of the war even in this restricted sense meets with several difficulties. In the first place, the question arises as to the period when we ought to stop. In one sense the war ceased when the armistice was declared: in another sense the war did not actually stop until peace was ratified—in this case a matter of over a year more. But even when peace is made, the war expenditures are by no means over. The process of demobilization is a slow one; and in many countries there have been considerable demobilization bonuses. Moreover, it

is necessary to continue for some time the policing of the conquered countries. Again, we must take account of the compensation to citizens for war damages; of the expenses of reconstruction; and of the loss on exchange of the depreciated currencies. Finally comes the question of the pensions to the wounded soldiers or to the families of the dead.† It will be seen, therefore, how impossible it is to state with any accuracy at the present time the costs of the war, while these are still being incurred.‡ Furthermore, the figures ordinarily given contain many inaccuracies. The richer countries make advances to the poorer countries, and these expenditures are sometimes counted twice in the total—a procedure legitimate only on the assumption that the loans will not be repaid. Again, in a country like the United States, which has substituted an insurance system for pensions, the nominal expenditures appear smaller than is really the case, because of the receipt of vast insurance premiums which will ultimately all be expended again. Finally, the figures make no allowance for the changes in the price level or the alteration in the value of money. In a great war like the present, prices always rise; in some countries they have doubled, in some they have more than trebled, for reasons which it is needless to discuss here. What seems, therefore, to be an increasing outlay from year to year may be in reality due, in part at least, to this cause.

After making allowance for these difficulties, we may proceed to state some of the facts as to the actual outlays of various countries.

The first point of interest is the average daily expenditure for war purposes. In all the belligerent countries it naturally took some time for them to get into their stride. This is especially true of Great Britain. The figures of the average daily expenditures, as given by the chancellors of the exchequer, amount to almost ten million dollars for the opening months of the war and reached the maximum of almost thirty-six millions by 1918. These stupendous figures, however, are somewhat exaggerated, because no distinction is made between expenditures in the war and expenditures for the war. In order to ascertain the real war expenditures in any country, it is obvious that we must deduct the amount of ordinary or peace expenditures. This it is not always easy to do. In the first place, peace expenditures themselves tend to grow from year to year. If, therefore, we take as a criterion the ordinary expenditures for the year preceding the war, this sum ought, es-

pecially in a long war, to be somewhat increased from year to year. In the second place, the expenditures prior to the war may sometimes include preparations for an impending war and should therefore be reduced accordingly. Since, however, it is impracticable to make these detailed corrections in every case, it will suffice to deduct from the expenditures of each war year the amount of the expenditures in the last year of peace, even though this tends slightly to exaggerate the real money cost of the war. Making these corrections, it appears from table A that the average daily war expenditures in Great Britain grew from 9½ million dollars during the first eight months of the war to 33½ millions in 1918 and then slowly receded. In France the average daily expenditures, as was to be expected, were somewhat less, rising from about 8½ million dollars during the first three months of war to over 21 millions during 1917, the last full year of war. In Germany the daily expenditures were approximately the same as in Great Britain, rising from about 13 million dollars in the first nine months of the war to about 34½ millions during the last half of 1918. In the case of both Germany and France, however, it is not known whether the figures comprise the total expenditures or only the purely war expenditures. In the former event, the daily expenditures of Germany would be a little less than those of Great Britain; in the latter, they would be a little more. In Italy and Austria, the daily expenditures were naturally smaller, amounting as a maximum to 10½ and 20 millions respectively. In Russia the daily expenditures rose in 1916 to 21 millions, and in 1917, just prior to the October revolution, nominally to 47 millions. Owing to the great depreciation of the ruble, however, the actual expenditures were much less. The salient facts are given in table A.

TABLE A.—AVERAGE DAILY WAR EXPENDITURES.
(In millions)

GREAT BRITAIN					
	Average daily total expenditures		Average daily war expenditures ¹		
	£	\$	£	\$	
Aug. 4, 1914—Mar. 30, 1915	2.05	9.98	1.98	9.46	
Apr. 1, 1915—“ 1916	4.27	20.79	3.73	18.16	
“ 1916—“ 1917	6.02	29.33	5.48	26.69	
“ 1917—“ 1918	7.39	35.97	6.85	33.36	
“ 1918—Nov. 9, 1918	7.44				}
(Armistice)	7.07	34.43	6.52	31.75	
Nov. 10, 1918—Mar. 30, 1919	6.47				

FRANCE

	Average monthly war expenditures		Average daily war expenditures
	<i>fr.</i>	\$	
Aug. 8—Dec. 31, 1914	1,318	254	8.5
Jan. 1—Dec. 31, 1915	1,900	367	12.2
“ — “ 1916	2,743	529	17.6
“ — “ 1917	3,360	648	32.4

GERMANY

	Average monthly war expenditures		Average daily war expenditures	
	<i>Mk.</i>	\$	<i>Mk.</i>	\$
Aug. 1, 1914—June 30, 1915	1,675	100	55.8	13.3
July 1, 1915—“ 1916	2,008	120	66.9	15.9
“ 1916—“ 1917	2,867	170	95.6	22.7
“ 1917—“ 1918	3,908	240	130.3	31.
“ 1918—Dec. 31, 1918	4,358	260	145.2	34.5

ITALY

	Annual expenditures ²		Average daily expenditures
	<i>li.</i>	\$	\$
July 1, 1915—June 30, 1916	3,351	1,612	4.4
“ 1916—“ 1917	14,132	2,727	7.5
“ 1917—“ 1918	19,734	3,808	10.4
“ 1918—Oct. 31, 1918	9,726	1,977	6.5

RUSSIA

	Annual war expenditures		Average daily war expenditures
	<i>ru.</i>	\$	\$
Aug. 1, 1914—Dec. 31, 1914	1,703	877	5.8
Jan. 1, — “ 1915	9,194	4,735	12.9
“ — “ 1916	15,372	7,916	21.6
“ —Oct. 30, 1917	25,231	12,993	47.0

AUSTRIA³

	Annual war expenditures		Average daily war expenditures
	<i>Kr.</i>	\$	\$
July 28, 1914—June 30, 1915	10,706	2,174	6.4
July 1, 1915—“ 1916	15,726	3,192	8.7
“ 1916—“ 1917	18,788	3,812	10.4
“ 1917—“ 1918	22,170	4,500	12.3

¹ Arrived at by deducting the expenditures for the year 1913-1914 (197 millions) from the total expenditures.

² Not including payments abroad.

³ The figures for Hungary are not available; but as the total expenditures of Hungary during the four years were about one third of those of Austria, it is safe to add that proportion to the Austrian expenditures in order to ascertain the average daily war expenditures of Austria-Hungary.

When the United States entered the war, the scale of operations became so gigantic that the daily war expenditures soon far exceeded those of any other belligerent. In the second month of the war the average daily expenditures for war purposes reached 15 million dollars, and a little over a year later they had risen to almost 50 million. By the end of 1918, as appears from table B, the daily average war expenditures attained the staggering sum of $64\frac{1}{2}$ million dollars, almost double those of Great Britain and far exceeding those of any other belligerent.

We come next to the total cost of the war. In attempting to present the comparative statistics on this point, we must be mindful of the difficulties adverted to above. The figures are not quite accurate and cannot be made entirely accurate for several reasons. In the first place, the last date in the official return differs from country to country. The dates are, however, all subsequent to the armistice, with the exception of Russia, where we have no trustworthy figures after the October revolution in 1917. In the second place, we do not know, except in the case of the United States and Great Britain, whether the figures comprise the total expenditures or only the purely war expenditures. Even in the case of the United States the official figures are not quite accurate, as will be seen below.⁴ Moreover, in the case of Japan as well as some of the minor belligerents, no figures are included because the war expenditures were either virtually non-existent or of an exceedingly insignificant amount.

Making allowance for these points, it will be seen from table C that the total war expenditures amount to about 232 billion dollars. From this sum, however, must be deducted the amounts counted twice, because advanced to their allies by the United States, Great Britain, France, and Germany, aggregating a little over 21 billions. This would bring the actual net war expenses to over 210 billion dollars.⁵ Inasmuch, however, as most of the countries will continue, for some little time in the future, to have expenditures attributable to the war, it is probable that the total war expenditures will, by the end of 1920, amount to over 236 billions, or, deducting the advances to allies, to a little less than

⁴ *Infra*, p. 753, note to table H.

⁵ For France we have taken the total five-year expenditures as stated by Minister Klotz in 1919 (192 billion francs) and have deducted 23 billions, as representing the peace expenditures for the four and a half year period, thus leaving a remainder of 169 billion francs or $31\frac{1}{2}$ billion dollars.

TABLE B.—EXPENDITURES OF THE UNITED STATES.
(In millions)

Period	Monthly expenditures exclusive of the principal of the public debt and of postal expenditures	Monthly war expenditures ¹	Average daily war expenditures
1917: Apr. 6-30	\$279	\$219	\$8.0
May	527	467	15.0
June	410	350	11.7
Total, Apr. 6-June 30	\$1,216	\$1,156	
July	662	602	19.4
August	757	697	22.5
September	746	686	22.9
October	944	884	29.5
November	986	926	30.9
December	1,105	1,045	33.7
1918: January	1,090	1,030	33.2
February	1,012	952	34.0
March	1,156	1,096	35.9
April	1,215	1,155	38.5
May	1,508	1,448	46.7
June	1,512	1,452	48.4
Total, fiscal year 1918	\$12,697	\$11,977	
1918: July	1,608	1,548	49.9
August	1,805	1,745	56.8
September	1,557	1,497	49.9
October	1,665	1,605	51.8
November	1,935	1,875	62.5
December	2,061	2,001	64.5
1919: January	1,962	1,902	61.4
February	1,189	1,129	40.0
March	1,379	1,319	42.5
April	1,429	1,369	45.6
May	1,112	1,052	33.9
June	809	749	24.9
Total, fiscal year 1919	\$18,505	\$17,785	
Total, Apr. 6, 1917-June 30, 1919	\$32,428	\$30,918	

¹ Obtained by deducting one twelfth of the annual (peace) expenditures for 1915-1916 exclusive of postal expenditures: i.e., one twelfth of \$1,008—287 millions = 60 millions. Secretary Glass in his *Letter of July 9, 1919, to the Chairman on the Committee on Ways and Means* excludes postal expenditures in the first column, but fails to exclude them when making the deduction for peace expenditures. He consequently arrives at the figure of \$30,177 millions as the cost of the war. The total of \$30,918 millions given above does not, however, represent accurately the war expenditures, as the figures are based on the provisional daily treasury statements used by Secretary Glass. The correct total, arrived at in another way, will be found in table H below. But the above figures are the only ones available for calculating the monthly and daily expenditures.

215 billions. This may be accepted as a fairly accurate statement of the real money cost of the war.⁶

TABLE C.—TOTAL WAR EXPENDITURES
(In millions)

Great Britain.....	Aug. 4, 1914 - Mar. 31, 1919	£8,601	\$41,887
Australia	" " " - "	291	1,461
New Zealand.....	" " " - "	76	365
Canada	" " " - Aug.		1,545
South Africa	" " " - Mar.	33	243
India	" " " - "	119	584
<hr/>			
British Empire			\$46,085
France	Aug. 3, 1914 - Mar. 31, 1919 fr.	169,000	32,617
Russia	Aug. 1, 1914 - Oct. 31, 1917 ru.	51,500	26,522
Italy	May 23, 1915 - May " 1919 li.	81,016	15,636 ¹
Belgium	Aug. 2, 1914 - Oct. " 1918 fr.	5,900	1,387
Rumania	" 27, 1916 - " " "		907
Serbia	July 28, 1914 - " " "		635
United States	April 5, 1917 - June 30, 1919		32,261
<hr/>			
Entente Powers			156,050
Germany	Aug. 1, 1914 - Oct. 31, 1919 mk.	204,268	48,616 ²
Austria-Hungary..	July 28, " - July " " kr.	119,504	24,858 ³
Turkey	Nov. 3, " - Oct. " 1918		1,802
Bulgaria	Oct. 4, 1915 - " " "		732
<hr/>			
Central Powers			76,006
<hr/>			
Total			\$232,056
<hr/>			
Loans to Allies			
Great Britain		£1,739	\$8,467
France		fr. 6,700	1,293
Germany		mk. 9,500	2,261
United States			9,102
<hr/>			
Total			21,125
<hr/>			
Total net war expenditures.....			\$210,935

¹ The total expenditures were li. 91,016 millions. Deducting 10,000 millions for four years of peace expenditures leaves 81,016.

² Obtained by adding to the war debt as found in table R approximately 5 billion marks of war expenditures paid out of revenue.

³ Obtained by using the figures of war debt as found in table R.

II

The question now arises as to the steps taken by the various countries to meet these stupendous outlays. Of the older expedients, such as war treasures or the sale of public property, there was naturally no question. In Germany alone was there a war

⁶ These figures are considerably larger than those given by Ayres and other writers. But none of these authors uses the latest, and much augmented, official figures for France, Italy, and especially Germany.

treasure. But, as even this was so small as to be well nigh negligible, it follows that the only two available resources were taxation and borrowing.

When we compare these two expedients we are struck not only by the great difference in the theories of war finance followed by the various countries, but also by the diversity in the economic conditions which largely influenced the choice. In general, it may be said that all countries were compelled to rely to an overwhelming extent on public loans, but that Great Britain and the United States raised a greater share by taxation than did other countries. Italy, for instance, was able to secure by new taxation only just about enough to pay the interest on the war loans; Germany accomplished this only in part; while France was not in a position to defray any of her war expenses from taxation. The same is true of the other belligerents, with the exception of some of the British colonies.

Proceeding to consider this matter in detail, we shall first attempt to set forth the facts as to war taxation.

Great Britain, as the wealthiest of the belligerents, adopted at the outbreak of war the praiseworthy method of endeavoring to raise as much as possible from taxation. From year to year, as the expenses mounted up, continually more demands were made upon the taxpayer. The war expenditures were, however, so prodigious that it soon turned out to be impracticable to obtain more than a comparatively small proportion of the total outlay from taxation. The figures ordinarily advanced to illustrate this point do not, however, give a true picture of the situation. The statements made by the various chancellors of the exchequer, and repeated by all commentators, are based on the proportion that total taxes bear to total expenditures. This method of calculation, as will be seen from table D, shows that almost a quarter of the total expenditures or, to be more exact, 24.9 per cent, was derived from taxes. These figures, however, involve a double error. In the first place, the really significant problem is to ascertain the war expenditures, not simply the total expenditures. War expenditures can best be obtained, as we have seen, by deducting from the total annual expenditures the expenditures for the last full year of peace. In the second place, what is significant is not the total yield of all taxes, but the proceeds of war taxes, that is, the proceeds of the additional taxes raised during the war. These again can be obtained by deducting from the total tax revenue the

yield of the taxes during the last full year of peace. If then we endeavor to ascertain how much of the war expenditures were met by war taxes—and this is really the important problem—we find that, immense as were the burdens resting upon the British taxpayer, the percentage of war expenditures raised by war taxes was much smaller than is usually stated. As a matter of fact, as appears from table D, in the first year of war only a little over 7 per cent of the total war expenditures were raised from war taxes. With every succeeding year, indeed, the percentage increased until in the last year of war, 1918-1919, slightly over one quarter of the war expenditures were met from war taxes. For the entire five years, however, the proportion of war taxes to war expenditures was about 17 per cent. In other words, only a little more than one sixth of the war expenditures in Great Britain was derived from war taxes. Even if we exclude from the war expenditures the sums advanced to the Allies—and the Chancellor of the Exchequer,

TABLE D.—WAR EXPENDITURES OF GREAT BRITAIN.
(In millions sterling)

	Year ending March 30					Total for the five years 1915-1919
	1915	1916	1917	1918	1919	
	£	£	£	£	£	£
Total expenditures	560	1,559	2,198	2,696	2,579	9,592
War expenditures ¹	357	1,362	2,001	2,499	2,382	8,601
Loans to Allies and Dominions						1,739
Revenues other than loans	227	337	573	707	889	2,733
Tax revenues	189	290	514	613	784	2,390
War tax revenues ²	26	127	351	450	621	1,475
	P.c.	P.c.	P.c.	P.c.	P.c.	P.c.
Proportion of total expenditures from non-loan revenues	40.5	21.6	25.1	26.2	34.1	28.7
Proportion of total expenditures from taxes	33.7	18.6	22.4	22.7	30.4	24.9
Proportion of war expenditures from war taxes	7.3	9.3	17.5	18.0	26.0	17.1
Proportion of net war expenditures (less loans to Allies and Dominions) from war taxes						21.2

¹ Obtained by deducting from the total expenditures each year the peace expenditures for 1914, amounting to 197 millions.

² Obtained by deducting from the tax revenues the 1914 tax revenue, amounting to 163 millions.

Mr. Chamberlain, thinks it safe to allow for only half of this amount—the proportion would be a little over 21 per cent or slightly more than one fifth. These figures are much less than is ordinarily stated. But even this proportion of revenue derived from taxation was sufficient to maintain the credit of Great Britain.

In the other belligerent countries, the showing was by no means so good. France struggled under a double difficulty. In the first place, France was invaded at the outset of the war; and the territory occupied, although relatively small in extent, represented the richest and the most industrially developed part of the country. This operated largely to reduce the ordinary revenue. In the second place, the resultant economic confusion, as well as the general political situation, rendered it difficult to impose any new taxes at all. The consequence, as will be seen from table E, was that for the first three years of the war the tax revenues of France were actually smaller than before the war and that as a result they did not suffice even to defray the ordinary peace expenditures, not to speak of making any contribution to war expenditures.

TABLE E.—REVENUES OF FRANCE.
(In million francs)

	1913	1914	1915	1916	1917	1918
	104	72	109	141	199	122
Direct taxes	634	496	437	893	1,017	1,727
Tax on war profits.....	....	....	....	....	193	714
Tax on intangibles.....	138	153	158	181	242	252
Stamps	1,086	117	612	683	895	1,143
Indirect taxes	903	745	714	520	692	734
Import duties	754	577	764	1,556	1,785	1,814
Tax on sales.....	....	....	....	....	....	210
Monopolies	1,035	931	844	943	1,108	1,154
Miscellaneous	539	290	270	240	254	285
Total	5,089	3,982	3,801	4,818	6,306	6,583

After a while, indeed, France found it possible to levy some war taxes; but, as appears from table E, these were exceedingly slight compared with what had been accomplished in Great Britain. The consequence is that the new war taxes of France were only just about sufficient to make up the deficit in the ordinary peace budget—a deficit caused chiefly by the devastation of the occupied territory. In France, therefore, we may conclude that no part of the war expenditures was met by war taxes. A share of the responsibility for this fact must, however, be laid at the doors of the

government, which disclosed an unwarrantable timidity in levying taxes. The natural results of the adoption of the loan policy in the fiscal conduct of the war are seen in the exaggerated rise of prices, the depreciation of the franc, and the serious condition of finances in France today.

In Italy the situation was a little better. Italy had not been invaded, and its financial situation was not so desperate as that of France. Moreover, Italy entered the war somewhat later and was not compelled to endure the strain for so long a time. Italy consequently proceeded as soon as possible to levy new war taxes; but, as she had always been relatively overtaxed as compared with Great Britain, it was not feasible to do as much. As a result, the war taxes levied by Italy were just about sufficient to pay the interest on the war loans. While Italy, therefore, did better than France, she also was not able to defray any of the war expenditures proper out of war taxation.

The condition of Russia soon became worse than that of France and Italy; and even before the October revolution in 1917 Russia was able to put very little reliance upon revenue from war taxation.

Among the Central Powers the situation was much the same, but for a different reason. Germany at the outset of the war, had so confidently counted upon victory, with resultant huge indemnities, that it resolved to follow the loan policy, at all events so far as the imperial government was concerned. For it must be remembered, that in Germany a not insignificant part of the war expenses was met by the separate states; and in the states a considerable increase of taxation was provided for at once. As the war proceeded, however, and the hopes of a speedy and complete victory gradually faded away, Germany began to change her policy and now decided, especially from 1916 on, to impose more and more taxes. The result was that by the end of the war, Germany had done a little better than France although a little less well than Italy. The figures for the chief continental belligerents are given in table F.

If the latest figures as represented by Minister Erzberger are used, the showing is not appreciably more favorable. According to these figures, of the total war expenditures to October, 1919, of about 204 billion marks, about 5 billions were derived from other sources than loans.

We come, finally, to the experience of the United States. When

TABLE F.—REVENUES AND LOANS: FRANCE, ITALY, GERMANY.
(In millions)

FRANCE			
Expenditures		Income	
	fr.		fr.
Aug. 1, 1914–Mar. 31, 1919.....	174,500	Loans	159,400
Advances to Allies.....	6,700	Other revenues ..	22,500
	181,200		181,900
Foreign debts and other minor items..	11,000		
Total	192,200		
Annual revenues before the war.....			5,000
Total peace revenues during the war period.....			24,000
Hence the total non-loan revenues during the war did not quite equal the peace revenues calculated on the pre-war basis, <i>as the war revenues barely sufficed to pay the interest on the war loans.</i>			
ITALY			
Expenditures		Income	
	li.		li.
May, 1915–June 30, 1918.....	87,516	Loans	64,132
Still due	3,500	Other revenues ..	26,034
Total	91,016	Total	90,166
Annual peace revenues			2,687
Total peace revenues during the war period.....			18,435
Deducting 13,435 from 26,034 leaves as war revenue.....			12,599
Hence the war revenues barely sufficed to pay the interest on the war loans.			
GERMANY			
Expenditures		Income	
	mk.		mk.
Aug. 1, 1914–Dec. 31, 1918.....	170,800	Loans	153,000
		Other revenues ..	17,000
		Total	170,000
Annual peace revenues (1913).....			3,200
Total peace revenues for 4½ years of war.....			14,400
Deducting 14,400 from 17,000 leaves as war revenue.....			2,600

the United States entered the war, it was confronted by the two rival theories of public finance. One was to the effect that the war expenses should be defrayed entirely by loans, as had been the case in the early years of the Civil War and which was true, as we have just seen, of many of the belligerents during this war. The other theory, advanced especially in the famous Minnesota memorandum, was that the war expenditures ought to be defrayed entirely out of war taxes. This theory was equally as extreme and as perilous as the loan policy and labored under the additional disadvantage of being impossible of achievement. The President went so far as to proclaim the fifty-fifty per cent theory, namely that one half of the war expenditures ought to be defrayed from war taxation. But even this turned out, as was to have been

expected and as was pointed out by the present writer among others, to be far more than was possible.

The prodigious profits made during the opening years of the European war and the resulting prosperity throughout the country enabled Congress to levy taxes far higher than had ever before been attempted in our history. Even with an immense addition to taxation, however, the proportion derived from war taxes was relatively small, and in fact considerably smaller than is ordinarily stated. Here, again, we must observe the same caution as in the case of the British figures. We must not compare the total expenditures of the war period with the total taxes of the war period, but war expenditures with war taxes—which is something very different. In tables G and H an attempt is made, on the basis of certain official figures, to arrive at correct results. The explanation of the methods of calculation is found in the notes appended to the tables; and the reasons for the difference between the results here given and the statements of the secretaries of the treasury are presented in the general note below.⁷

⁷ The figures contained in tables G and H, unless otherwise stated or calculated from preceding figures, are taken from the annual *Report of the Secretary of the Treasury on the Finances* for the year 1918. For 1919 where the annual report is not yet available we have taken the figures as presented, by Secretary Glass in his *Letter of July 9, 1919 to the Chairman of the Committee of Ways and Means*. The figures for postal revenues and expenditures are the estimates of the department.

The figures as presented in the tables, do not, however, always agree with the official statements. In the first place it is difficult to know what are the official figures, as they frequently differ among themselves. For instance, the figures found in the tables of the *Annual Report* for 1918, pages 480 *et seq.* (hereinafter called A), do not tally with those in the text of Secretary McAdoo's comments in the *Annual Report*, pages 3-5 (hereinafter called B), nor with the figures of Secretary Glass in his *Letter of July 9* (hereinafter called C). In some cases the discrepancies are serious.

Thus in A the receipts for 1917 are given (including postal receipts of 880 millions) as 3,845 millions; in B, as 3,552 (excluding postal). For 1918 again, the receipts are given in A as 21,490 millions (including postal receipts of 844 millions); in B, as 21,155 millions (excluding postal). In A the disbursements for 1917 are given as 3,046 millions (including postal disbursements of 820 millions); in B, as 2,704 (excluding postal). For 1918 the respective discrepancies are: A, 21,813; B, 20,903. Even in minor details there are no agreements. Thus public debt receipts are given for 1917 in A as 2,391 millions; in B, as 2,428 millions. For 1918 the figures are respectively: A, 16,965; B, 16,975. Public debt disbursements are given for 1917 in A as 687; in B, as 678 millions. For 1918 they are given in A as 7,685; in B, as 7,707 millions. If there is any significance in the fact that A gives tables of

As a result of the calculations found in tables G and H it appears that during the first quarter year of war, ending June 30, 1917, the proportion of war expenditures derived from war

"Receipts and Disbursements" while B gives tables of "Receipts and Expenditures," it is not apparent from the report itself.

The discrepancies between A and C are more glaring. But as Secretary Glass is able to present only preliminary figures for the respective periods, on the basis of the daily treasury statements, these discrepancies may be overlooked.

In the second place, considerable confusion results from the absurd system still followed in the United States, whereby postal revenues and expenditures go through the post office accounts and only the surplus or deficiency passes through the treasury accounts. Several years ago the present writer succeeded in inducing the Treasury Department to bring about a change to this extent that the annual treasury statements are now made up in both ways, *viz.*, as revenues and expenditures inclusive and exclusive of postal revenues and expenditures respectively. Yet these differences are often overlooked. For instance, when Secretary Glass discusses in his *Letter of July 9, 1919*, the cost of the war, he employs the daily treasury statements which do not include the postal figures. As a consequence, his statement of total revenues and expenditures are quite different from those of Secretary McAdoo in the latter's discussion of the cost of the war.

In the third place, neither Secretary McAdoo nor Secretary Glass, in calculating the proportion borne by loans and taxes in meeting the war expenses, attempts to ascertain the really significant fact—*viz.*, the proportion of war expenditures met from war taxes. None of the official figures are of any help here.

The present writer has therefore been compelled to make his own calculations. Whenever possible, the figures have been taken from the statements in the detailed tables published in the *Annual Report* of the Secretary of the Treasury. The combinations, however, as found in this article are not presented anywhere in the official statements.

Some of the results reached in this article which differ materially from the official statements, are as follows:

The total cost of the war to June 30, 1919, is given by Secretary Glass as \$30,117 millions, whereas the more accurate computation results in a total cost of \$32,261 millions. Secretary Glass's figures involve a double error. In the first place, they are based on the preliminary daily treasury statements which are confessedly not final; and, as explained in the note to table B (p. 746 *supra*), he fails to allow for postal expenditures. Again, Secretary McAdoo states that in 1917 55 per cent of the expenditures were paid from revenue receipts, and in 1918 31.6 per cent; whereas the correct figures are 60.4 per cent and 33.8 per cent respectively, and the really significant figures (the proportion of war expenditures from war taxes) are 30 and 24.8 per cent respectively. In the same way, Secretary Glass states that 29 per cent of the expenditures for the war period were met from tax receipts and other revenue, whereas the correct figures are 33.2 per cent, and the really significant figure is 23.3 per cent.

taxes was less than one third or, more exactly, 30 per cent. If we exclude from the expenditures the loans to the Allies, on the assumption that they will all be repaid some day, the showing in the first three months is, of course, much better, as two thirds of the expenditures of that period consisted of such loans. However, as soon as we struck our full gait, the situation was far less satisfactory. During the year 1917-1918 the proportion of war expenditures derived from war taxes was less than a quarter or, more exactly, only 24.8 per cent; and even if we again exclude loans to Allies, which now constituted about one third of the whole, only 30 per cent of the expenditures were derived from war taxes. In the final year of the war the showing was still less favorable, the figures being respectively 21.7 per cent and 27 per cent, *i.e.*, a little over one fifth or one fourth respectively. For the entire period of our participation in the war it appears that less than one fourth (or exactly 23.3 per cent) of the war expenditures were paid out of war taxes. And if the loans to Allies are again excluded, the proportion is still under one third or, more exactly, 32.5 per cent.

These figures disclose two significant facts. In the first place, the relative revenue derived from war taxes became smaller, instead of larger, as the war proceeded. This unusual and unexpected result is, of course, due to the stupendous growth of war expenditures which rapidly overtook even the largely increased revenues from war taxes. It was impossible, even by stretching the tax revenues to the utmost, to begin to keep pace with the huge growth in the war outlays. In the second place, we are struck by the great disparity between the actual facts and the fifty-fifty per cent program originally suggested by Secretary McAdoo and adopted in the recommendation of President Wilson—not to speak of the 100 per cent program of the Minnesota memorialists.

III

The next point of interest is the character of the war taxes imposed by the various countries. Here again we notice great variations. Although the policy of taking a substantial share of war profits by taxation was almost everywhere adopted as a matter of principle, it was applied very differently in various countries. As a matter of fact, in almost all of the continental countries, about as much additional revenue was raised from indirect as from direct

TABLE G.—RECEIPTS AND DISBURSEMENTS OF THE UNITED STATES, 1915-1919.
(In millions)

Receipts	Year ending June 30				
	1915	1916	1917	1918	1919
Customs	\$211	\$213	\$226	\$183	\$184 ¹
Internal revenue	416	513	809	3,696	4,316 ¹
Miscellaneous	71	52	81	293	646 ¹
Total ordinary receipts	698	780	1,119	4,174	5,152 ³
Panama canal .....	....	....	6	6	6 ¹
Excess of deposits to retire national banknotes	4	32	....	....	....
Postal receipts	287	312	330	344	354 ⁴
Total (exclusive of principal of public debt) ²	989	1,126	1,455	4,795	5,506
Public debt receipts...	1	2	2,391	16,695	29,300 ⁵
Total	990	1,128	3,845	21,490	34,806 ⁵
Disbursements					
Ordinary (exclusive of postal)	\$725	\$719	\$2,067	\$13,769 ⁹	\$18,515 ¹⁰
Including loans to Allies	....	....	(885) ⁷	(4,738) ⁷	(3,479) ⁷
Panama	29	18	19	21	....
Postal	294	312	320	327	354 ¹¹
Excess of national banknotes retired over deposits .....	....	....	3	11	....
Total (exclusive of principal of public debt)	1,048 ⁸	1,048 ⁸	2,409 ⁸	14,127 ⁸	18,869 ¹²
Public debt disbursements	0.05	0.04	637	7,686	15,860 ¹³
Total	\$1,048	\$1,048	\$3,046	\$21,813	\$34,729 ¹⁴

¹ From the *Letter of Secretary Glass to the Chairman of the Committee of Ways and Means, July 9, 1919.*

² Obtained by deducting from the "total of all receipts" in the *Report of the Secretary of the Treasury, 1918*, p. 484, the "total public debt receipts," *ibid.*

³ Includes the 6 millions Panama receipts.

⁴ Estimated, by the Secretary of the Treasury (*Annual Report, 1918*, p. 145).

⁵ Obtained by deducting from the "public debt receipts, Apr. 6, 1917-June 30, 1919," as given by Secretary Glass in his *Letter of July 9, 1919* (48,386 millions) the public debt receipts as stated in table above for 1917 and 1918.

⁶ Obtained by adding the various items specified.

⁷ As stated by Secretary Glass in his *Letter of July 9, 1919*, p. 4.

⁸ Obtained by deducting from total the public debt disbursements.

⁹ As stated in the *Annual Report on the Finances, Secretary Glass (op. cit., p. 4)* gives total disbursements other than principal of public debt as 12,697 millions.

¹⁰ As stated by Secretary Glass, *op. cit.*, p. 4.

¹¹ As estimated by Secretary McAdoo in the *Annual Report* for 1918.

¹² Obtained by adding the two items above.

¹³ Obtained by deducting from the public debt disbursements, Apr. 5, 1917-June 30, 1919, as stated by Secretary Glass, *op. cit.* (\$24,133) the public debt disbursements for 1917 and 1918, as given above in the table.

¹⁴ Obtained by adding the two items above.

TABLE H.—RECEIPTS AND EXPENDITURES OF THE UNITED STATES, APRIL 5, 1917-JUNE 30, 1919.
(In millions)

	1917	1918	1919	Total for period Apr. 5, 1917-June 30, 1919
Total disbursements ¹	\$3,046	\$21,818	\$34,729	\$59,588 ⁵
Total expenditures, exclusive of principal of the public debt ²	2,409	14,127	18,869	35,405 ⁵
War expenditures ²	1,361	13,079	17,821	32,261
Loans to Allies ¹	885	4,738	3,479	9,102
War expenditures exclusive of loans to Allies	476	8,341	14,342	23,159
Revenue exclusive of public debt ³	1,455	4,795	5,506	11,756
Tax revenues ³	1,035	3,879	4,500	9,414
War tax revenues ⁴	409	3,253	3,874	7,536
	<i>P.c.</i>	<i>P.c.</i>	<i>P.c.</i>	<i>P.c.</i>
Proportion of total expenditures from non-loan revenues.....	60.4	33.8	29.1	33.2
Proportion of total expenditures from taxes	42.9	27.4	23.8	26.5
Proportion of war expenditures from war taxes	30.	24.8	21.7	23.3
Proportion of war expenditures exclusive of loans to Allies from war taxes	85.7	39.	27.	32.5

¹ From table G.² Obtained by deducting from total expenditures the (peace) expenditures of 1915 (\$1,048).³ Obtained by adding the customs and the internal revenue.⁴ Obtained by deducting from the tax revenues the tax revenues for 1915 (626 millions).⁵ Total for the three fiscal years 1917, 1918, 1919.

taxation. Indeed, in France considerably more revenue was designed to be raised from indirect taxes, including taxes on consumption, than from direct taxation or taxes on wealth. The respective figures, as appears from table I, are about 60 per cent for indirect and 40 per cent for direct taxes. In actual result, the increase due to indirect taxation was not so great as had been expected, due partly to the fact that the war profits tax yielded much more than had been anticipated (907 million francs instead of 540 millions), but above all because the tax on sales produced in the first year far less than had been hoped for (210 instead of 800 million francs). As a consequence, the proportions derived from direct and indirect taxes were actually just the reverse of those mentioned above, namely about 60 per cent from direct and about 40 per cent from indirect taxes.

TABLE I.—REVENUE EXPECTED FROM INCREASED TAXES IN FRANCE, 1914-1918.
(In million francs)

Direct		Indirect	
War profits tax.....	540	Alcoholic drinks	75
Military war tax.....	12.5	Non-alcoholic drinks..	85
Income tax	250	Druggists specialties..	12
"Assimilated taxes" ..	24	Sugar	90
Inheritance tax	148	Colonial products	70
Intangibles	38	Tobacco	80
Land tax	30	Postage	58.5
		Theatres	10
		Sales	800
	1,042.5		1,280.5
Additions of June, 1918:		Additions of June, 1918:	
Income tax }		Stamp taxes	76
Inheritance tax } ...	56	Other indirect taxes	333
	1,098.5		1,689.5
	or 39.3 per cent		or 60.7 per cent

In Italy, where the new war taxes were imposed at once in 1915, it was expected that the war profits tax (at the rate of from 8 to 20 per cent) would yield about 55 million lire, and the augmented taxes on incomes and business about 220 millions, or a total of 275 millions from direct taxes compared with an estimated revenue of 110 millions from various increases in indirect taxes.

In 1916, however, while the rate of the war profits tax was increased so as to vary from 20 to 60 per cent and that of the income tax to about 16 per cent, the stamp taxes were raised and the number of state monopolies was increased. The same policy was followed during the next year so that by the end of the war, in addition to the old government monopolies on tobacco, salt, matches, lotteries, and cards, we now find monopolies on coffee, paraffine, and mineral oils, quinine, and various minor objects. The result was that in 1918 just about as much additional revenue was derived from the new indirect taxes as from the new direct taxes. The exact figures are as follows: the direct taxes, technically so called, yielded 1500 million lire and the business taxes 560 millions, or a total of 2,060 millions. On the other hand, the increased revenue from monopolies amounted to 1,060 millions and that from the new consumption taxes 950 millions, or a total of 2,010 millions. In Italy, therefore, the balance was kept just about even between the two great categories of taxation.

In Germany when the government finally decided to resort to taxation in 1915, no effort was made to impose any new taxes on

incomes or inheritances. For the feeling was still very strong that income and property taxes ought to be left to the separate states, which had in the meantime considerably increased their revenue from such sources. A federal tax on war profits was, however, imposed. On the other hand, the tax on tobacco was largely increased, a high tax was levied on bills of lading, and a considerable augmentation was made in postal, telegraph, and telephone rates. From all these sources an additional revenue of about 500 million marks was expected. When the bill passed through the Reichstag, a tax on sales was added, estimated to yield about 130 millions. In the next year, 1917, the war profits tax was considerably increased, so as to produce about 400 million marks additional; but, on the other hand, a high tax on coal was now imposed, designed to yield 500 million marks and provision was made for a tax on railroad transportation to yield 310 millions. Finally, in 1918, the government recognized the necessity for very much greater revenues from taxation and a law provided for additional receipts estimated at 3 billions of marks, on the one hand, from an increased tax on war profits and, on the other, from taxes on sales, luxuries, and higher rates on drinks and postal communication. The exact figures as to the proportion between the two categories of taxation are not yet available; but it is quite safe to say that in the federal government, at least, the revenue from indirect taxes considerably exceeded that from direct taxes. In the separate commonwealths the situation was the reverse, without, however, materially changing the general result.

In contrast to all the continental countries, England pursued from the outset a different path. It is true that a considerable increase of revenue was derived from indirect taxes like customs and excises. From 1914 to 1919, for instance, the customs revenues were actually trebled and the yield of the excise taxes increased about 50 per cent. But the chief reliance for meeting the war expenditures was placed on a new war profits tax and an augmented income tax. The rate of the war profits tax was raised gradually from 50 to 60, and finally to 80 per cent; and the income tax rates were progressively increased until from a quarter to a third of very moderate incomes and over a half of larger incomes were taken for the state. In the last year of the war, as appears from table K, over three quarters of the tax revenue was derived from direct taxes on wealth. This is a great contrast to the fiscal history of previous wars.

TABLE K.—SOURCES OF REVENUE IN GREAT BRITAIN, 1914-1919.
(In millions)

	Year ending March 30											
	1914		1915		1916		1917		1918		1919	
	£	P.c.	£	P.c.	£	P.c.	£	P.c.	£	P.c.	£	P.c.
Customs	35	17.8	39	6.9	60	4	71	3	71	3.3	108	4
Excise	40	20	42	7.5	61	4	56	2.2	39	1.4	59	2.2
Estate duties	27	13.8	28	5	31	2	31	1.4	32	1.2	30	1.1
Stamps	10	5	6	1.3	7	0.4	8	0.3	8	0.3	12	0.5
Land tax .....	.7	0.4	.7	0.1	.7	0.04	.6	0.03	.7	0.04	.6	0.05
House duty	2	1	2	0.3	2	0.1	2	0.09	2	0.09	2	0.7
Income tax	47	23.8	69	12.4	128	9	205	9	240	8.9	291	11.2
Excess profits tax..	—	—	—	—	.1	0.01	140	6	220	7.8	285	11
Land values tax..	.7	0.4	.4	0.1	.4	0.02	.5	0.03	.7	0.03	.7	0.05
Total tax revenues	163	82.2	189	38.6	290	19.17	514	22.27	613	22.56	784	30.74
Postal, Telg., Tel..	31	15.5	30	5.3	34	2.1	34	1.4	35	1.4	40	1.6
Crown lands.....	.5	0.3	.5	0.1	.5	0.03	.6	0.03	.7	0.04	.8	0.05
Suez Canal shares..	2	1	1	0.3	2	1	8	0.2	6	0.3	12	0.44
Miscellaneous	2	1	6	1	10	0.7	17	0.5	52	2	52	2
Non-tax revenues	35	17.8	37	6.8	47	3.83	59	2.13	94	3.74	105	4.04
Total tax and non-tax revenues	198	100	227	40.4	337	23	573	24.4	707	26.3	889	34.8
Loans	3		407	59.6	1,165	77	1,626	75.6	1,983	73.7	1,682	65.2
Total revenues..	202		633	100	1,501	100	2,199	100	2,691	100	2,571	100
Total expenditures	197		560		1,559		2,198		2,696		2,579	
Interest on debt..	24		23		60		127		190		270	

In the United States, also, we find the democratic movement so strong that the overwhelming proportion of the new tax revenue was derived from direct taxation on wealth rather than from indirect taxes on consumption or transactions. Although the excess profits tax was not at first levied at rates as high as in Great Britain, the remarkable prosperity of the country resulted in large revenues from this source. And while the income tax did not reach in the lower stages so high a level as the British, the rates in the upper schedules were made considerably higher, finally attaining the unheard of figures of 77 per cent. As a result of the revenue act of 1917 over 79 per cent of the tax revenue came from direct taxation, principally the income tax and the excess profits tax. As a consequence of the second great revenue act of 1918, the proportions were still more favorable, the amount ascribable to direct taxation in 1919 being, as appears from table L, in reality almost 81 per cent although the introduction of the system of payment by instalments somewhat obscures this result.

TABLE L.—INTERNAL REVENUE RECEIPTS OF THE UNITED STATES, 1918, 1919.
(In millions)

	Year ending June 30	
	1918	1919
Income and profits taxes.	\$2,839	\$2,596 ¹
Munition manufacturers tax	13	—
Estate tax	47	82
Corporate capital stock tax	25	29
Total taxes on wealth..	2,924 or 79.1 per cent	2,707 or 70.5 per cent
Distilled spirits	318	365
Fermented liquors	126	118
Tobacco	158	206
Stamp taxes	19	37
Transportation	71	234
Insurance	6	15
Excise taxes	37	78
Soft drinks	2	7
Admissions	26	51
Miscellaneous	8	22
Total taxes on consumption, transactions, and commodities	\$771 or 20.9 per cent	\$1,133 or 29.5 per cent
Total	\$3,695	\$3,840

¹ As the new taxes are payable in instalments, about 2 billions of the 1919 tax will not be received until the fiscal year 1920. Making allowance for this, the proportion of taxes on wealth really ascribable to the year 1919 rises to 80.6 per cent.

It thus appears that the United States succeeded even better than Great Britain in carrying through a democratic fiscal program in the war; and that the Anglo-Saxon countries disclose a very decided contrast to all the other belligerents. The consequences are apparent in the relatively more favorable situation in which Great Britain and the United States find themselves when confronting the problems of *post-bellum* finance.

IV

With the impossibility of securing more than a comparatively small proportion of the war expenditures from taxation, it became necessary everywhere to resort to borrowing. This was consequently done by all countries on a gigantic scale; although here again the fiscal and economic conditions in the various countries varied so widely that they employed quite diverse expedients.

Great Britain provided at the outset of the war for immediate needs by selling short-time securities, principally treasury bills. Before long, however, these had accumulated to such an extent that it became imperative to issue long-time bonds. Accordingly, subscriptions were invited to the first war loan which was issued in March, 1915, followed in June of the same year by a second war loan. These bore interest at the rate of $3\frac{1}{2}$ per cent and $4\frac{1}{2}$ per cent respectively and the amount issued was 332 and 592 millions sterling or 1,703 and 2,883 million dollars respectively. On February, 1916, an issue of war savings certificates was inaugurated. In April, 1917, the third war loan was issued at 4.5 per cent, yielding 941 millions sterling, or 4,403 million dollars, followed in June of the same year by an issue of 5 per cent exchequer bonds.

Beginning in October, 1917, a continuous issue of 4 per cent and 5 per cent national war bonds was made, the difference in the rate of interest being due to the tax exemption. The temporary and short-time paper was now gradually funded into these bonds. In the meantime the Anglo-French loan of 500 million dollars, of which England had one half, had been contracted in the United States; and with the entrance of the United States into the war, continually larger sums were borrowed from the American government. By the end of 1918, as will be seen from table M, almost 4 billions sterling, or considerably more than one half of the new debt, was in the form of relatively long-time domestic securities.

France was in a less favorable situation than Great Britain at the outbreak of the war. The total debt of France at the close of 1913 amounted to 32,594 million francs or 6,291 million dollars, and the ordinary budget had closed with a large deficit, so that it had been necessary to issue a loan during the spring and summer of 1914. When the war broke out, precipitating an economic and financial crash, it became practically impossible to issue another loan. The government was therefore compelled to rely upon advances from the Banque de France which was permitted correspondingly to increase its note issue. It was not until November, 1915, that France saw her way to invite subscriptions to her first war loan, which, although bearing interest at the rate of 5 per cent was issued at the low price of $87\frac{1}{4}$. This was followed in August, 1916, by the second war loan, also of 5 per cent bonds. In December, 1917, the third war loan was contracted and

in 1918 the fourth war loan. In these two latter cases France reverted to her old policy of discount bonds so that the issues fetched the price of only about 70. The nominal subscriptions to the loans were therefore quite different from the actual receipts in cash. Even the nominal sums yielded by these four loans, however, amounted to less than 70 billions of francs, so that the chief reliance of France had to be placed on floating debts like advances from the bank of France, on the so-called national defense bonds, which were issued continuously from February, 1915, and, finally, on the foreign loans contracted in England, United States, and Japan. The internal loans as a consequence constitute only about 40 per cent of the war debt, a result which is now proving a serious embarrassment in the French program of fiscal reconstruction.

Russia was the first of the Entente Powers to contract public loans. In September, 1914, Russia began with a 5 per cent issue at 94, followed at regular intervals up to the revolution of 1917 by six more loans. At that time about 6 billion dollars had been raised by relatively long-time securities, constituting, however, only a very small part of the entire debt.

Somewhat similar difficulties were experienced by Italy. The pre-war debt of Italy amounted to 13,636 million lire or 2,621 million dollars. Italy started in 1915 with the so-called mobilization loan followed by the first war loan in July, 1915, and by further war loans in January of each of the following years. Every successive loan showed an increase of the interest rate and a decrease of the issue price, thus disclosing the growing fiscal difficulties. The total proceeds of the internal war loans, as appears from table M, were only about 15 million lire. Italy, therefore, had also to depend primarily upon short-time securities, like treasury bonds and exchequer bills, upon advances from the banks, and upon loans from the Allies. As a matter of fact, less than 30 per cent of the new war debt consists of long-time internal war bonds.

Of the Central Powers, Germany followed a different plan from the outset. She decided to rely at once upon comparatively long-time bonds rather than upon temporary or short-time securities, and for several years prided herself upon her superiority in this respect over Great Britain and France. In October, 1914, a large war loan was issued at 5 per cent. There followed in regular succession eight more war loans bearing $4\frac{1}{2}$ per cent and 5 per cent respectively. During the earlier years of the war, accordingly,

the loan situation of Germany must be pronounced to have been more favorable than that of the other belligerents. Toward the end, however, as the difficulties increased, the internal loans did not suffice and Germany, like France and Italy, was now compelled to depend more and more upon a makeshift policy. Nevertheless, by the end of 1918, 98 billion marks out of a total war debt of 153 billions or about 64 per cent of the whole, was in the form of long-time internal bonds. This was a better showing than that of any of the other countries. *70 07 Exhibit.*

When the United States entered the war it depended for the time being on temporary war certificates. It was, however, soon decided to make a bold appeal to the public, and in June, 1917, subscriptions were invited to the first liberty loan, which was issued at par bearing interest at the rate of $3\frac{1}{2}$ per cent. Although the immense sum of 2 billion dollars was raised by the first loan, still greater efforts were made in the succeeding loans. In November, 1917, the second liberty loan was issued and, despite the original objections of Secretary McAdoo, it was found necessary to raise the rate of interest to 4 per cent. The loan yielded almost 4 billion dollars. In May, 1918, the third liberty loan was issued at $4\frac{1}{4}$ per cent interest, yielding over 4 billions. The greatest effort was, however, made in January, 1918, when subscriptions were invited to the fourth liberty loan, bearing $4\frac{1}{4}$ per cent interest, with a result that the unheard of sum of almost 7 billion dollars was subscribed. The last, or victory loan, was issued in April, 1919, bearing $4\frac{3}{4}$ per cent interest, and yielding about $5\frac{1}{4}$ billions. The consequence is that almost the entire war debt of the United States consists of relatively long-time and easily manageable domestic securities. In table M will be found the relevant facts as to the successive war loans of the chief belligerents.

Passing from the problem of long-time versus temporary loans, the final question is that of the total indebtedness of the various belligerents.

In Great Britain it still seems to be a question as to whether and to what extent the loans to the Allies are to be included in the war debt. The Chancellor of the Exchequer, as stated above, thinks it prudent to include one half of the amount. The result is, as shown in table N, that the British debt which amounted to 650 millions sterling, or 3,115 millions of dollars, just before the war, rose by the close of the fiscal year in 1919 to a total of 7,6

TABLE M.—WAR LOANS.

(In millions)

	Date	Rate	Issue price	Amount subscribed
<i>Great Britain</i>				
First war loan....	Mar., 1915	3 ½	95	£ 382
Second " "	June "	4 ½	100	592
Third " "	Apr., 1917	4 - 5	95 - 100	941
Exchequer bonds..	Mar., 1915	3	"	48
" " ..	Dec., 1915 - Apr., 1917	5	100	516
" " ..	Oct., 1916	6	"	161
National war bonds	Oct., 1917 - Oct., 1918	4 - 5	100 - 100 ½	372
Total				3,962
<i>France</i>				
First war loan....	Nov., 1915	5	87 ¼	fr. 15,205 ¹
Second " "	Aug., 1916	"	88 ¾	11,514 ¹
Third " "	Dec., 1917	4	68.6	14,803 ¹
Fourth " "	" 1918	"	70.8	27,853 ¹
Total				69,375 ¹
<i>Italy</i>				
Mobilization loan..	Jan., 1915	4 ½	97	li. 1,000
First war loan....	July "	"	93 - 95	1,146
Second " "	Jan., 1916	5	97 ½	3,014
Third " "	" 1917	"	90	3,985
Fourth " "	" 1918	"	86 ½	6,120
Total				15,266
<i>Russia</i>				
First war loan....	Sept., 1914	5	94	ru. 500
Second " "	Mar., 1915	"	"	500
Third " "	May "	5-5 ½	99	1,000
Fourth " "	Nov. "	5 ½	95	1,000
Fifth " "	Feb., 1916	"	"	2,000
Sixth " "	Oct. "	"	"	3,000
Seventh " "	Mar., 1917	5	85	2,500
Total				10,500
<i>Germany</i>				
First war loan....	Sept., 1914	5	97 ½	Mk. 4,480
Second " "	Mar., 1915	"	98 ½	9,106
Third " "	Sept. "	"	99	12,162
Fourth " "	Mar., 1916	4 ½-5	95-98 ½	10,767
Fifth " "	Sept. "	"	95-98	10,699
Sixth " "	Mar., 1917	"	98	12,979
Seventh " "	Sept. "	"	"	12,626
Eighth " "	Mar., 1918	"	"	14,789
Ninth " "	Sept. "	"	"	10,484
Total				98,052
<i>United States</i>				
First liberty loan..	June, 1917	3 ½	100	\$ 2,000
Second " " ..	Nov. "	4	"	3,908
Third " " ..	May, 1918	4 ¼	"	4,177
Fourth " " ..	Sept. "	"	"	6,989
Victory loan.....	Apr., 1919	4 ¾	"	5,250
Total				22,225

¹ Nominal subscription.

millions sterling or \$37,221 millions of dollars. Inasmuch, however, as the Chancellor of the Exchequer asserted in his financial statement of April 30, 1919, that he expected to borrow about 250 millions sterling, or 1,217 millions of dollars, during the year 1919-1920, the debt of Great Britain at the end of 1920 will amount to almost 8 billions sterling or about 39 billion dollars. The war debt proper, therefore, at the end of that period may be expected to amount to $7\frac{1}{4}$ billions sterling or 35 billion dollars.

TABLE N.—PUBLIC DEBT OF GREAT BRITAIN.
(In millions)

	Year ending March 31					
	1914	1915	1916	1917	1918	1919
	£	£	£	£	£	£
Funded debt	587	583	318	318	318	318
Terminable annuities	30	28	26	24	22	22
3 ½ per cent bonds.....	—	349	63	63	63	63
4 ½ per cent bonds.....	—	—	900	20	16	16
4 and 5 per cent bonds...	—	—	—	2,119	2,090	2,090
National war bonds.....	—	—	—	—	649	1,716
Treasury bills	13	77	567	464	473	947
Exchequer bonds	20	67	177	320	392	393
War savings certificates...	—	—	1	74	138	227
War expenditure certifi- cates	—	—	—	24	23	—
"Other debts"	—	—	9	317	944	1,345
American loan	—	—	51	51	51	51
Total	650	1,104	2,133	4,011	5,872	7,643

¹ This includes £207 millions of sinking fund premiums, which when deducted would bring the net debt to 7,435 millions.

This total includes the loans to the Allies and Dominions:

(In millions)	
Russia	£568
France	434
Italy	413
Belgium	87
Serbia	19
Other Allies	48
Total Allies	£1,568
Dominions	171
Total	£1,739

In France, where the pre-war debt was 32,594 millions of francs or 6,291 millions of dollars, the total debt at the end of 1918 amounted to 167,469 millions or 32,322 millions of dollars, constituting a relatively more crushing burden than that of Great Britain. The war debt proper as will be seen in table O, amounted to 134,875 millions of francs or 26,031 millions of dollars. In-

asmuch, however, as it is virtually certain that a considerable sum will still have to be borrowed during 1919, the total war debt of France, will, in all probability amount to 27 or 28 billions of dollars.

TABLE O.—PUBLIC DEBT OF FRANCE, DECEMBER 31, 1918.
(In million francs)

Domestic debt	116,874
Funded debt	107,739
including: 3 per cent rentes.....	19,746
5 " " "	25,853
4 " " "	12,850
4 " " " of 1918.....	30,000
3 and 3 ½ redeemable.....	3,118
Floating debt	49,136
including: national defense bonds.....	29,463
advances from Banque de France.....	18,000
Foreign debt	30,595
Funded debt	15,127
including: advances from U. S. government.....	12,001
Anglo-French loan in U. S.....	1,376
other loans from U. S.....	1,602
Japanese loan	147
Floating debt	15,471
Total	167,469 = \$32,322
Pre-war debt in 1913	32,594 = \$6,291
War debt	124,875 = \$26,031

In Italy the pre-war debt was 13,636 millions of lire. At the end of October, 1918, as will be seen from table P, the total debt amounted to over 63 billions of lire or somewhat more than 12 billions of dollars, making the war debt proper, about 50 billions of lire or 10 billions of dollars. By the end of May, 1919, the debt had grown to over 77 billions of lire or 15 billions of dollars, and the end is not yet. This represents a very disproportionate burden as compared with the British figures.

TABLE P.—PUBLIC DEBT OF ITALY, AUGUST 31, 1918.
(In million lire)

Pre-war debt	13,636
War loans	14,737
Treasury bonds	3,052
Exchequer bills	9,240
Foreign advances from England and the United States.....	13,850
Advances from banks.....	6,536
Notes issued by the government.....	2,041
Total	63,093 = \$12,177
By May 31, 1919, the total debt had increased to....	77,768 = \$15,069

For Germany, where the pre-war debt amounted to 4,732 million marks, the figures are not yet entirely complete. Minister Schiffer stated in February, 1919, that the debt had grown by the end of 1918 to 157,700 million marks. But Minister Erzberger

stated in his Reichstag speech of October 31, 1919, that the total debt now amounted to 204 billions of marks, which would make the war debt over 199 billions of marks or 47,726 millions of dollars—the largest debt of all the belligerents. It must be remembered, however, that the great depreciation of the mark during the period when most of the debt was contracted reduces the actual American equivalent considerably.

In Austria-Hungary, the pre-war debt was 18,354 million crowns or 3,726 million dollars. In August, 1919, the new Austria which by treaty assumed 70 per cent of the total war debt of the old empire had a war debt composed as follows: war loans, 35 billion crowns; other war debt, 11½ billions; bank notes, 50 billions, or a total of 96½ billions. At the rate of 70 per cent this would make the total war debt of the old empire now divided among various states, 137,858 million crowns or 28,584 million dollars. But the same caution as to the depreciation of the currency must be observed here.

In the United States the total net debt just before the entrance into the war, in April, 1917, was \$1,190 millions. This had increased by June 30, 1919, to \$24,232 millions, making a war debt of \$23,042 millions. The debt, as appears from table Q, is composed almost wholly of war bonds, together with a relatively small amount of outstanding treasury certificates. Inasmuch, however, as somewhat over a billion dollars from the victory loan

TABLE Q.—PUBLIC DEBT OF THE UNITED STATES.
(In millions)

Date	Debt less cash in Treasury	Annual interest charge
Apr. 15, 1917.....	\$1,189	\$23
June 30, 1917.....	1,909	84
“ “ 1918.....	10,924	466
“ “ 1919: Bonds:		
Pre-war bonds	833	
First liberty loan.....	\$1,985	
Second “ “	3,566	
Third “ “	3,959	
Fourth “ “	6,795	
Victory loan (notes).....	3,468	
	<hr/> 20,455	
Treasury certificates	3,634	
Old debt on which interest increased	2	
Non-interest-bearing debt	236	
	<hr/> 25,485	
Total gross debt	25,485	
Cash on hand	1,252	
	<hr/> 24,233	
Net debt	\$24,233	

TABLE R.—PUBLIC DEBTS OF BELLIGERENTS.
(In millions)

	Before the war		After the war		War debt
Great Britain	Aug. 4, 1914	£650 = \$3,165	Mar. 31, 1919	£7,643 ¹ = \$37,221	\$34,056
Australia	" "	97 =	472 Jan. " "	336 =	1,162
Canada	" "	332	Aug. " "	1,684	1,352
New Zealand	" "	100 =	487 Mar. " "	170 =	341
South Africa	" "	126 =	614	175 =	232
British Empire..		\$5,070		\$42,213	\$37,143
France	July, 1914	fr. 32,591 = \$6,291	Dec. 31, 1918	fr. 167,459 = \$32,322	\$26,031
Russia	" "	ru. 8,800 =	Sept. 1, 1917	ru. 49,288 ² =	20,760
Italy	May, 1915	il. 13,636 =	May 31, 1919	il. 77,763 =	12,388
Belgium	Aug. 2, 1914	fr. 3,743 =	Apr. 30, 1919	fr. 9,787 =	1,166
Rumania	Aug., 1916	292	Oct. 31, 1918	1,020	728
Serbia	July, 1914	271	" "	730	459
Japan	" "	yen 2,491 =	July 31, " "	yen 2,530 =	18
United States	Apr. 5, 1917	1,190	June 30, 1919	24,232	23,042
Entente Powers.		\$22,327		\$144,062	\$121,735
Germany	Aug. 1, 1914	mk. 4,732 = \$1,126	Oct. 30, 1919	mk. 204,000 = \$48,552	47,426
Austria-Hungary ..	" "	kr. 18,354 =	July 31, " "	kr. 137,838 =	24,858
Turkey	Nov., " "	L.T. 112 =	Oct. " "	L.T. 455 =	1,517
Bulgaria	Oct., 4, 1915	219	" "	974	755
Central Powers.		5,556		80,112	74,556
Total		\$27,983		\$224,174	\$196,291

¹ Counting on repayment of one half of the loans to the Allies (£816 millions).² The additional debt contracted by the Bolshevik government is not included.³ Obtained by considering the debt of the new Austria as representing 70 per cent of the debt of all the states which constituted the old empire.

will be paid in the course of the current fiscal year, the total war debt of the United States by the end of 1920 will amount to over 24 billions of dollars, or, deducting the loans to Allies, to about 15 billions.

The other countries need not be treated separately, especially as in a number of cases the details are not yet available. In table R an attempt is made to present a summary picture of the public debts of all the belligerents. From this table it appears that the total pre-war debt amounted to almost 28 billion dollars. On the other hand, the debt at the close of the war, including that of Japan (whose debt was increased only by a part of the funds raised to lend to Great Britain and France), but not including the debt contracted largely for internal and non-war purposes by the Bolshevik government in Russia, amounted to over 224 billions of dollars. This would make the net debt of the world ascribable to the war about 196 billions.

When we compare these figures with the total cost of the war, which, as we have seen, amounts to over 210 billion dollars, it appears that well nigh the entire cost of the war will have been defrayed from loans. The difference of some 15 billions derived from taxation is due almost wholly to the efforts of Great Britain and the United States, the former raising about 7 and the latter about 7½ billions from taxation—Great Britain in a little over four and a half years, the United States in a little over two years. While a few billions additional were raised, as we have learned, by Italy and Germany from taxation, their contributions to the expenditures are more than offset by the budget deficits in those states as well as in France. It remains true, therefore, that the war was conducted almost entirely on credit. The outstanding problem now confronting every country, victorious and conquered alike, is how to secure the funds needed to defray the interest and to provide for the amortization of these gigantic debts, which offset a not insignificant part of the entire wealth of the world.

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THE INCOME TAX AS APPLIED TO DIVIDENDS

As is well known, the federal income tax is divided into two parts. Part one is the income tax on individuals, part two is the income tax on corporations. The division, which has an historical origin, is continued for political reasons and because it adds to the certainty and convenience of collection. It served, however, no deliberate purpose of a differentiation in tax burden before 1920.

Unlike the British property and income tax and the income tax systems of some other countries, our federal tax makes no specific distinction between different kinds of incomes. Thus there is no classification into earned and unearned income, nor is income from property treated differently from income of any other sort. It is true, however, that Congress made an analogous distinction when it imposed on corporations, in addition to the income tax, taxes on the capital stock and an excess profits tax. If there are any elements of "special privilege income" in the net earnings of corporations they are taken care of by these taxes. But these taxes, like the property taxes imposed by the states and by the local governments on sources of "unearned" income, are quite distinct from the income tax.

Although the tax on the net income of corporations began in 1909, four years before the personal income tax was first imposed, that tax is now correlated with, one may even say welded into, the personal income tax. Thus the law provides that "dividends from a corporation which is taxable . . . upon its net income" shall be allowed as a credit to the individual for the purpose of computing the normal tax. The intent is that dividends shall not be taxed again in the hands of the individual. They must, of course, be included in computing the surtaxes.

It would appear from this and from other provisions of the law that it has not been the intention *in the income tax proper*, as applied to the individual, to impose on dividends, nor on the net income received by individuals out of the earnings of corporations, any different or any heavier tax than is imposed on any other form of income such as salaries, rent, interest, or profits. Beginning in 1920, however, the normal tax on corporations is to be 10 per cent, while that on individuals is to be 8 per cent. It appears, on the surface at least, to be the intention to use the older corporation tax chiefly as a means of collection. It is a sort of "stoppage at the source," although in our statute "payment at the

source" is now a technical term, restricted to the taxation of the incomes of non-resident aliens.

In practice, however, this form of a stoppage at the source imposes a tax on some recipients of dividends, who, if their incomes were in any other form, would not be taxed, or would not be taxed as heavily as they now are. It brings it about that two persons whose incomes are the same in amount may bear very different tax burdens.

The discrimination arises in two ways. One is that the benefit of the personal exemption does not accrue, or accrues only in part, to recipients of income in the form of dividends who do not have, in addition to the dividends, other income from which the personal exemption can be deducted. The other is that the benefit of the subnormal tax, *i.e.*, 6 per cent instead of 12 per cent on the first \$4,000 in excess of the personal exemptions, does not accrue in full to recipients of dividends unless they have income other than from dividends amounting to \$4,000 over and above the personal exemption.

It is not to be assumed that the discrimination is deliberate. The working hypothesis of the law seems to be that the "average man" who has any income at all in the form of dividends has, also, enough other income to enable him to receive the benefit of the personal exemption and possibly of the subnormal tax as well. That is clearly the point in granting "credit" for dividends. Thus if a man has a total income from salary, rent, interest, or profits amounting to \$6,000, the method of crediting his income with the amount of any dividends he may receive, providing they are in excess of the \$6,000 of other income, places him on a parity with the most favored taxpayer. It is only persons whose income is partly or wholly from dividends and who have other income less than \$6,000 in amount who suffer.

The existence of this discrimination is no doubt obscured for many taxpayers as well as for many who do not realize that they are tax bearers by the fact that no normal tax is demanded of any person on account of dividends. Probably few of those who by reason of small incomes do not make a return and yet receive dividends ever stop to think that they have been taxed by this method of stoppage at the source. Other sufferers too take their credit for dividends without stopping to think that the dividends (and, for that matter, the undistributed surplus as well) are only 88 per cent of what the company earned for them because the

company has paid 12 per cent in taxes for them; or, if they do know that the tax has been paid at the source, do not realize that measured by the size of their income the 12 per cent is more than they would pay if they held, say, bonds instead of stock.¹

As the reader will have perceived from the above clumsy statements, the discrimination is not easy to state in general terms. The statement becomes cumbersome and involved because there are so many different factors and variants to be considered. Possibly a few illustrations will make the matter clearer. The following examples do not exhaust the possibilities nor cover all the complications, but are designed to suggest the most important points.

Example one. A has shares of stock in a corporation, which shares earn, in a year, \$2,000 net.² He has no other income. The corporation pays a tax of 12 per cent and gives him \$1,760 (\$2,000 less \$240) as a dividend. If his personal exemption amounts to \$2,000 A makes no return and pays no tax himself. He has, however, borne a tax of \$240 paid for him by the company.³ Had his income been a salary of \$2,000 he would have received the whole of it and have paid no tax. Because he is the recipient of dividends he has lost the benefit of the personal exemption.

Example two. B has a salary of \$2,000 and owns shares of stock which earn \$3,000. He receives a dividend of \$2,640, the company paying for him a tax of \$360. He makes return of \$4,640 of income, takes his personal exemption of \$2,000 and his "credit" of \$2,640, and pays no tax. But he has lost the benefit of the subnormal tax of 6 per cent on the first \$4,000 (in this case on \$2,640 plus the tax stopped at the source \$360, or on \$3,000), a benefit which would have accrued to him if his income had been in another form. He has borne a tax of \$360 which is twice what he would have paid had he not been so unfortunate as to have part of his income in the form of dividends. In this case it is the benefit of the subnormal tax that is lost.

¹ The case is a little different for dividends in preferred stock. We consider here only the dividends on common stock.

² That is, they earn \$2,000 before the payment of the income tax. It is necessary to start with the earnings rather than with the dividends, because we wish to make comparison with other incomes which are received before the tax is paid. It is the only way in which we can compare like items.

³ No consideration is here given to the complicating detail that the company has an exemption, or more properly a deduction, of \$2,000 from its net income before it computes the tax. That, of course, reduces the tax below 12 per cent, by varying amounts for different companies.

Example three. *C* has shares of stock earning \$10,000 and no other income. He receives \$8,800 in dividends, \$1,200 in taxes having been paid for him by the company. He makes return of \$8,800, takes his "credit" as to the normal tax and pays a sur-tax of \$74. Total taxes paid and borne are \$1,274. Had his income of \$10,000 been of any other sort than dividends he would have paid a tax of only \$830. He has lost both benefits, the personal exemption and the subnormal tax as well.⁴

The discrimination may be explained in another way as arising from the attempt to collect at the source a part of a graduated tax on incomes without making provision for refunding or abating taxes, collected in this manner, in excess of the rates which it is intended the individuals should bear. If there were a refunding system, *A* would be entitled to a refund of \$240, *B* to \$180, and *C* to \$434. That is, these are the sums they should receive to put them on a parity with their neighbors of like amounts of income from other sources than dividends.

A very bad feature of the discrimination is that it is regressive. Thus it is 12 per cent of *A*'s income, a poor man, and only 4 per cent and a little over of *B*'s income, a well-to-do man. The regression does not depend on the selection of cases made. It is inherent.

It should be further noted that the discrimination is not often against the active man of large means. He would normally have income, other than from dividends, large enough to entitle him to the full or a large part of the benefits of the personal exemption and of the subnormal tax as well. It falls very often on the inactive small investor, and particularly on the widow, the orphan and the retired business man or worker.

If long continued this discrimination may bring about economic and social changes concerning which it is interesting to speculate, but which can be only briefly suggested here. Thus it will tend to exclude the small investor from the market for common stock and to some extent create a tide favoring the financing of corporations by borrowed money rather than by stock. Whether this would be sound or socially desirable is a question that might be discussed at some length. There seems to be little possibility that the discrimination will be easily engulfed in the tendency for investments

⁴ Incidentally, while the government gets \$1,200 as the technical normal tax, instead of \$720, subnormal and normal, it loses by the method of computation \$26 in sur taxes.

to "seek a level." It is too largely personal and too little objective for that.

A is not an imaginary individual. *A* is most often a woman and her case seems hard. Why should she bear a tax of \$240 while her neighbor of like amount of income goes free? It is not because her income contains any element of "special privilege," because all of that is taken care of by other taxes. Bad as the discrimination may be, there is another side to the case. The collection of this part of the income tax at the source is a convenience and an economy to the government in the administration of the tax. It prevents, in a very practical manner, a great deal of otherwise possible evasion. It increases the revenue. These are obvious advantages which make for the retention of the plan. I would be the last to assert that expediency should necessarily give way to justice. How much the system increases the government revenues is one of the many important facts concerning the income tax which the government statistics do not fully reveal. The contributions of these many small taxpayers will run into large sums in the aggregate. The time being is not the time when such a loss of revenue can be afforded. But it is well to remember that this discrimination exists and that there is an easy remedy for it in a refunding system. Some day we may be able to afford the remedy.⁵

CARL C. PLEHN.

⁵ David Friday estimates the 1916 dividends paid by corporations at \$3,784,000,000. Dividends reported by taxpayers in 1916 were \$2,136,468,625. Taking round numbers we have 12 per cent of (3,784,000,000 times 1.136 less 2,136,000,000 times 1.136) equals 225,000,000. That is, about \$225,000,000 in taxes is borne by persons receiving dividends and deprived of the benefit of the personal exemption thereon. We are not given the amount of dividends received by persons whose incomes are under \$6,000. For those between \$3,000 and \$5,000 the total is \$28,000,000. It is useless to try to guess at the amount received by those below \$3,000 but who nevertheless are taxable and those between \$5,000 and \$6,000. But it is certain that the discriminations referred to must amount to close upon a quarter of a billion dollars. The precise figure is not so vital, for discrimination is not nice whether it be only thirty cents or three hundred million dollars.

EXTENT OF ORGANIZATION IN THE WOMEN'S GARMENT MAKING INDUSTRIES OF NEW YORK

One of the most important movements in the United States for the adjustment of industrial disputes has been in progress during the last six years in certain industries in New York which are devoted to the making of women's wearing apparel. In these industries have existed, for a greater or less time, agreements between employers and employees known as "protocols of peace," which are the high water mark for collective bargaining in this country. Through them organized labor has gained a voice in the establishment of standards for the conduct of work.

The aim of the present study is to give an account of the extent to which this organization has been effected. Only those industries will be considered which fall within the following classification: (1) those devoted to the making of women's clothing; (2) those in which the larger part of the workers are women; and (3) those in which organization has been brought about. Industries to which all these three qualifications apply are five in number: the dress and waist industry, the white goods (mainly women's underwear) industry, the kimono and house dress industry, the misses' and children's clothing industry, and the lace-making industry. The real pioneer in the protocol form of agreement, the cloak, suit, and skirt industry, is not included in this study, for the reason that the majority of workers in it are men. The industries to be considered are those especially given over to the making of women's lighter garments.¹

¹ Other industries having agreements between employers and employees, but with most of the workers men, are those concerned with the making of women's waterproof garments and with women's straw and velvet hats. In the industries under review the materials employed are mostly lighter fabrics (the heavier ones being found in the cloak, suit, and skirt industry, consisting of worsted, serge, chevots, and the like, and to a slight extent of linen, silk, satin, etc.). In the dress and waist industry the materials are mainly lawn, crêpe, voile, flannel, pongee, satin, and gingham. In the misses' and children's clothing industries, which cover a considerable range in the garments made, including dresses, waists, skirts, and blouses, the materials are not greatly different. The house dress and kimono industry, which embraces also the making of aprons and similar articles, has use for ginghams, calicoes, cotton, crêpe, percale, lawn, serge, and other goods. In the white goods industry, devoted to the making of women's underwear, the chief materials are muslin, cotton, cambric, silk, chiffon, and similar goods. In lace-making are found the usual materials employed in this industry.

This movement is particularly important because it concerns industries which have long defied standardization. The needle trades have been subject to peculiarly ruthless exploitation, long hours, small pay, and generally injurious surroundings; and into them have been drawn helpless and unprotected women and girls. There has been involved an attempt to lift to a plane of proper conduct and standardized working conditions industries that have always been near the borderline of the "sweated industries."

In order fully to understand the situation, it is necessary to examine the condition of the women's ready made clothing industries in New York. It is to be remembered that the demand for ready-to-wear clothing has swelled to enormous proportions of late years. In times past women produced nearly all their own clothes; today they may go into the dry goods store of the small town or the department store of the big city and find on sale practically every article that they will ever need to wear. This manufacture of women's ready made clothes began in the sixties with the making of cloaks; in the eighties it was extended to suits; and in the nineties to dresses and waists. Since then various other lines have been added. At first the products were of a cheaper quality; now they are of all grades from the cheapest to the most costly. Just before the Civil War the annual value of the output was but little over \$7,000,000; today it is in excess of \$400,000,000. The number of wage-earners at the former time was less than 6,000; it now approaches 200,000.

For the manufacture of such garments New York has become easily the leading center of the country. Of the value of the total output of the country very nearly 70 per cent is found in this city. According to the United States Bureau of Labor Statistics, more than one half of the establishments in the United States devoted to the making of women's wearing apparel are in New York, and considerably more than one half of the workers employed in them and of the capital invested in them are there. The wholesale market value of the dress and waist industry alone is more than \$100,000,000 a year, and the total amount paid in wages is not less than \$20,000,000. The reasons for the pre-eminent position of New York in this respect are several. The city is the arbiter for the styles of the country, so far as they are established in America. It is near the centers furnishing raw materials. Most important of all, the city with its vast supply of cheap, unskilled, immigrant labor provides a rare labor market for just this form of work.

To meet the demands for women's ready made wear, there have sprung up in the city all manner of shops. Some of these are large, employing as many as 500 workers, and others are small, having less than a score of workers. The better grade shops are for the most part in what may be known as the lower Fifth Avenue section, from Fourth Avenue to Seventh Avenue, and extending from Fourteenth Street to Thirty-fourth Street, or even farther north. Many of these shops are of comparatively fine quality, concentrated in the main in the loft buildings which have been built so rapidly in this part of the city of recent years. In the shops so situated the conditions are as a whole much the best of all, and in many the workers receive fair wages and are otherwise well provided for.

But the trade has not stopped in the better grade shops. It has pushed its way to the poorer sections of the city, the tenement districts not only in Manhattan but in other parts as well, where both labor and rent are cheaper.² Here it is necessary to provide only a small equipment; all the labor that is needed will at once flow in. Little capital is required, and any one may go into the business. With such a situation the results are all but predetermined. At once appears that type of small, irresponsible shop, perhaps connected with the dwelling apartment of the proprietor, which in the possibilities of producing unwholesome conditions has few rivals in the land. In not a few instances this shop is dark, unclean, ill ventilated, with little or no fire protection, and otherwise unfit for human habitation or labor. Because of the intense competition, labor is driven hard. It is likely also to receive but a small share of the protection which the law has attempted to throw about such work-places.

In these industries, moreover, there is another element to be reckoned with, probably the most serious of all. Akin to, and sometimes an adjunct of, the small shop, but at the same time very frequently in connection with the larger and better shop, is the contract shop. The matter of contracting out in the garment trades (a practice to which they readily lend themselves)

² A number of shops, especially contract shops, are in Brooklyn, many for the manufacture of house dresses and kinomos being in East New York. The making of lace or embroidery is, because of the heavy and complicated machinery required, carried on for the most part in outlying sections of the city. Establishments for the manufacture of different articles of women's wear are also found to a greater or less extent in cities close to New York. In nearby cities of New Jersey more lace work is done than in New York.

is an exceedingly complex and intricate one, and one that may barely be referred to here. It is found mostly in shops where the pay is according to piece work. Work to be done on one or more parts of a garment, usually on one part, is given out to a sub-contractor who is especially skilled and who employs at his own cost and under his own direction from one to a dozen assistants, often a "team" of four or five. This sub-contractor requires only a minimum of capital or machinery, even less than the small shopowner. All that he needs is a sewing machine or two, a cutting machine, shears, scissors, needles, thread, and perhaps a few other accessories. After he completes the specified work on a garment, he returns it to the main shop. The plan of sub-contracting is especially beneficial to the original employer, as it at once relieves him of the supervision of a large number of employees, reduces the space he will need to occupy and the equipment he will have to provide, and enables him to have his work done at less cost to himself.

The system of sub-contracting in New York has wide ramifications. Some of the sub-contractors even contract out further. Not a great number of shops, including those of the better grades, have failed to avail themselves of the arrangement to a greater or less extent. The evils of the system are readily apparent, all clustering about the circumstance that it permits the irresponsible sub-contractor to drive his help, under the worst possible conditions, to the last ounce of their strength. In a city like New York, however, the center of the garment-making industry, and with its vast tenement areas affording the most inviting conditions for this work, it is doubtful whether sub-contracting can ever be eliminated altogether. As long as it exists, with little attempt at regulation, it will remain the source of much evil.

Although cutting and pressing (especially where the exercise of strength is required) and also buttonhole making are almost exclusively in the hands of men workers, the remaining operations are given over to women workers almost altogether. These include assorting, cleaning, embroidering, examining, finishing, draping, and joining. Of operators, that is, those engaged in sewing together the parts of a garment already cut out, over four-fifths are women. In the entire dress and waist industry 84 per cent of the workers are women and in the other four industries 90 per cent.

The garment-making industry in New York is, as is generally

known, largely in the hands of Jews. It is they who comprise most of the employers and the greater portion of the employees. At least three fifths of the workers are of this race. The next most important group of employees is composed of Italians, who may sometimes furnish as many as one third of the workers. The remaining employees are scattered among different races, nearly all of foreign origin. Probably not less than three fourths of the workers were born in Europe. With few exceptions, they learn their trade after coming to this country. Finally, not less than half of the workers are girls in their 'teens.

The rate of wages paid the girls in 1912, or just before general organization was effected and before the ensuing agreements, may be indicated from the findings of the United States Bureau of Labor Statistics (No. 146, 1914) for 31,500 persons in the dress and waist industry. By 4.4 per cent of the week workers and 7.8 per cent of the piece workers, less than \$5 a week was received; by 16.6 per cent of the week workers and 14.2 per cent of the piece workers, less than \$7; by 3.5 per cent of the week workers and 25 per cent of the piece workers, less than \$9; and by 64.9 per cent of the week workers and 47.8 per cent of the piece workers, less than \$12. Six tenths of one per cent of the week workers and 9.3 per cent of the piece workers had over \$20 a week. It is to be remembered that the dress and waist industry is the most skilled of the needle industries, with relatively higher pay. In the other industries a generally lower scale of wages is found. Better wages prevail in the better grade shops.

Yet the wages given to the workers in these industries are not to be regarded as certain or steady. A considerable proportion do not receive pay throughout the year. The work is largely of a seasonal nature, with a part of the workers laid off a greater or less length of time each year. There are usually about six months of full activity and six more or less slack. The height of the season is in mid-spring and in mid-autumn. In the dress and waist industry the first busy season begins about the middle of September and lasts till the middle of November; the second begins about the middle of February and lasts till the end of May. The summer months in this industry are the duller of all. The other industries have seasons but little different, except in the white goods, in which the busy and the slack seasons come somewhat later. The causes of these seasonal fluctuations are changes in the weather, changes in styles, and changes in the degree of special-

ization in particular garments, in quality of products, in the size of shops, and in the extent of inside work. The shops most affected are the smaller ones. Though employers endeavor to keep as many as possible at work throughout the year, in anticipation of the busy seasons, a large number of employees are turned off as business begins to decline. It is estimated that nearly one third of the employees have full employment for the full year, slightly under one half for half the year, and nearly one fourth for less than half of the year. In the dress and waist industry less than three fourths of the average wages for the best week of the year are received throughout its entire length. In July less than half of the employees are on the pay-roll. It is further estimated that three fourths of the workers spend the slack season in idleness, the remaining one fourth being able to find other occupation in the meantime.

To add to the burdens of some of the girls, especially in the lower grade shops, there have been in the past special charges or fines assessed upon them, which have had to be paid out of their earnings. Thus a fine of a cent or two has been imposed for a broken needle on a machine, and a charge has been made of 35 cents a week for thread or 40 cents for power with which to operate a machine.

Efforts to organize into unions the workers in certain of the needle trades in New York have been in progress since the beginning of the present century. The task, however, is far from easy. The girls possess no great skill in any one calling and pass freely from one to another. Also one fifth of their number leave work to be married each year. Moreover, especially with the young and immature element, there is not a little skepticism with regard to the benefits of a union. Time and patience are required to make headway.

The first important results in the attempts to organize the women and girls in the women's garment-making industries came in the years 1909 and 1910. There was then effected a union among a certain portion of the 35,000 workers in the dress and waist industry and among groups in the kimono and wrapper and children's dresses industries; and strikes were induced. The strike in the first-named industry proved to be a long and painful one, not a few of the most active agitators finding discharge as the reward for their efforts. It was, however, partially successful. Appreciable gains were obtained in an increase of wages, in the

reduction of the hours of labor, and in other particulars. By a considerable number of employers individual contracts were signed for one year, though at the end of this time few were renewed.

The main result of this early movement was the obtaining of a foothold, in the dress and waist industry in particular, for the more complete organization of the workers. The International Ladies Garment Workers Union, with which the union was affiliated, commenced to take a special interest in the matter and to lend its organizers. Within the next few years the union grew so in strength that at the close of 1912 it had enrolled a very large portion of the workers and was able to present a formidable front to many of the employers. It was now decided to have another strike, mainly for the purpose of forcing into line certain of the independent employers, who constituted the most serious obstacle to the standardization of the industry, and against whom the efforts of the organizers had hitherto been powerless. Curiously enough, the employers in whose shops organization had been effected showed little averseness to the calling of the strike. They let it be known that they had no desire to fight the union, only insisting that the unions give a demonstration of their power to control all the workers in the industry. The strike determined upon, it was understood, was to last but three days, by the end of which time it was expected or was hoped that general stabilization would have been secured.

However, the strike movement did not stop with the dress and waist industry. The time seemed propitious for the extensive organization of the workers in other women's clothing trades; and it was believed that this could be most effectively done through a general strike. Accordingly, at the beginning of 1913, along with the workers in the dress and waist industry there were called out in rapid succession the workers in the house dress and kimono industry and the children's dress industry; also the workers in the white goods industry, with whom organization was just commencing. The number affected in each of the two last-named industries was 7,000 or 8,000, and in the kimono and wrapper industry about half as many. These strikes each lasted from three days to six weeks. The workers were in the main victorious. Not only were there obtained material advantages in an increase of wages, but there were secured collective agreements with the employers, in most cases under the name of "protocols of peace," with machinery for the settlement of disputes. Three years later, or

in 1916, another needle industry was organized, that of the embroidery workers, involving possibly 2,000 women and girls. There was a strike and an ensuing agreement. Only one of the women's garment industries was now left unorganized, that of the petticoat makers. Attempts at organization had been made from time to time, and in 1917 plans were actually made for a strike, but as yet this industry is without organization of the workers.

But the period of strikes was not at an end with the adoption of the protocols. In 1916 there was a strike of limited extent and of brief duration in the dress and waist industry, and also in the house dress and kimono and the children's dresses industries. The purposes of these strikes were several: to make a new demonstration of the strength of the unions; to secure union conditions in all shops; and to mark a protest against certain prevailing practices which were contrary to the protocol agreements, especially in the matter of contracting out. The result was the gaining of further material advantages on the part of the workers, and the modification of the agreements in several particulars. In 1918 the agreements underwent additional amendment. In the white goods industry there were renewals of the agreements in 1915 and 1917, the latter year seeing a partial strike and the establishment of better machinery for the adjustment of disputes.

In 1919 there broke out in the dress and waist industry, and to some extent in others, a strike which proved to be one of the most serious and stubborn conflicts in the history of the industries, not coming to a complete end until after the lapse of nearly three months. It came about in the dress and waist industry at the time of the expiration of the preceding agreement, and largely concerned the right of the employer to discharge his employees at will. The result could hardly be called a full victory for either side. The "protocol" was abrogated, and in its place a new agreement was entered into, wanting in some of the important features of the previous instrument.

What now are the net results that have been obtained during all this period of organization in the women's garment industries, with its attendant strikes and ensuing agreements? In the public mind, the thing of outstanding importance has been the instrument in which have been set down the terms of the agreements established between the employers and the employees, especially those providing a means for the adjusting of disputes. Under the name of "protocols" or, more exactly, "protocols of peace," these agreements became widely known.

Before considering these features, however, we may ascertain the concrete gains that have been obtained by the workers. In the matter of wages there was secured at the adoption of the general agreements in 1913 an increase of approximately 10 per cent for all. At their several renewals there have been similar increases. A minimum wage of \$5 a week was first established, which has in some cases now been raised to \$6. In respect to hours of labor, there was an immediate reduction in all the industries concerned to 50 hours a week (except among the embroidery workers, who were only able to secure a 52-hour week, though this meant a reduction of several hours). In 1916 in the dress and waist industry, and to an extent in other industries, the number was reduced to 49. In 1918 the white goods workers succeeded in bringing their hours down to 48. Following the strike of 1919 in the dress and waist industry, the number of hours was fixed at 44, which perhaps represents the shortest working week secured for women in this country. Overtime work is in general paid for at double time, with a limit placed upon the number of hours therefor in one week. From three to seven holidays with pay are granted a year. In addition, there have been abolished charges for power and all similar charges; and the work of persons under sixteen years of age has been prohibited.

It has been provided furthermore that the same conditions as prevail in the regular shops shall prevail in "subsidiary" shops and in the shops of sub-contractors, the provision as to the latter being usually reinforced by the further one that sub-contracting may be carried on only with the knowledge and consent of the unions. As was soon to be found, writing into the agreements provisions regarding sub-contracting is a far easier matter than is carrying them out. On the renewals of the several agreements, efforts have been made to provide for a more thorough registry of contract shops, and even to force the employers to assume the responsibility therefor. Further provisions which have been added in the course of time in one industry or another prohibit the making of garments in an outside shop if in the main shop all employees are not engaged on full time; prohibit work for a member of the association whose employees are on strike; and require employers to assume responsibility for wages due from contractors. In the dress and waist industry sub-contracting is now altogether forbidden, all wages being paid directly into the hands of the workers. It is to be added that home work, or tenement house work, has been in general proscribed.

The formulation of conditions under which the workers are to do their work also included a matter which, though applying to but one industry and now abandoned in it, contained possibilities of no small importance. On the original adoption of the protocol in the dress and waist industry provision was made for the "certification" of garments; that is, garments were to bear labels ("white labels" they were called) indicating the conditions under which the garments had been manufactured. This provision was peculiar to the industry named and seems to have been availed of in no other women's garment industry. It was intended for the protection of the workers, of the complying shops, and of the consuming public. In it lay, potentially, one of the most valuable results of the agreements. By it the responsibility for the purchase of goods made under proper conditions was placed squarely upon the public. Practically speaking, however, not very much was to be expected from the plan. The general public seems on the whole to have shown but little interest in the matter of such labels. In point of fact, also, neither the employers nor the employees, while the feature remained a part of the agreements, displayed eagerness to have the matter effectively attended to, it apparently being regarded as of rather minor consequence and not worth serious attention. It is perhaps due to this attitude that in the agreement of 1919 the provision was left out.

We now come to the more notable and significant, if not more substantial, provisions of the agreements, most of which were taken over from the cloak, suit, and skirt industry. Perhaps the foremost of these is the introduction of the "preferential union" principle, whereby employers bind themselves to employ union workers in preference to others, and as far as possible to fill all vacancies from their ranks. (In some cases the principle is not to apply to members of the family of the employer, especially to parents or children.) Favorable as this sounds for the union workers, it contained the seeds of much future trouble, and showed, as little else did, the real underlying antagonism existing between the two parties. It has had no small part in precipitating strikes and was practically the sole cause of the great strike of 1919. Various amendments and additions have been resorted to in the different agreements, betraying how contentions have arisen. Only a few of these may be pointed out here. There may be no discharge of a worker who is entitled to a wage increase. There may be no discrimination against a union worker, but an employer may

discharge "the incompetent, the insubordinate, the inefficient" and is free to assign special work to those having the requisite skill. Work is to be equally divided among the workers, but workers are not to be "unreasonably" retained when there is no work for them. The majority of the workers are to belong to the union, and the employers are to use their efforts to induce those not members to join. In one case it was provided that, if in a shop where four fifths of the workers were in the union the influence of the union was found to be impaired, it was "within the province and function" of the managers to ascertain the situation and to direct all to join. In the dress and waist industry, in which, as we have just seen, the strike of 1919 was brought on over the question of the right of the employer to discharge at will (the "tenure of position," as the employer chose to phrase it), the issue was finally settled as follows: Employees who have worked two weeks or less the employer has power to discharge as he sees fit. For those who have worked from two weeks to four months there can be a review of the act occasioning the discharge by the proper judicial body; and, if it is found to be unjust, the employer may not be obliged to make reinstatement but may be required to pay a fine according to the time actually worked. For those who have worked more than four months, it may be decided whether there shall be reinstatement or the imposition of a fine; though, if the discharge were due to union activities, reinstatement is the course to be followed.

The remaining parts of the agreements relate to the means for the carrying out of their provisions. For this purpose, several different boards or committees have been created of employers and of employees. In most cases there is a board of sanitary control, to establish and maintain proper sanitary conditions in the shops, modelled largely after that in the cloak, suit, and skirt industry and including a representative of the public. In all there are now grievance boards or committees, usually with four members from each side, to hear complaints and to dispose of them; and, in the event of inability to agree, they may call in an outside umpire or chairman. In all cases there is also now a price committee or board, consisting of the employers and a group elected from the shop workers, whose business it is by tests of various operations to fix fair prices according to the relative efficiency of the workers. During the existence of the "protocol" in the dress and waist industry there was in addition a board of arbitration which was

really a high court of appeal, receiving for determination cases which could not otherwise be decided; and also for a time, as seemed to be further necessary, a board for the enforcement of protocol standards, with the object of investigating, and seeing that the provisions were lived up to. Both of these boards contained representatives of the public. On the original grievance board, later called the committee on immediate action, in this industry, there was likewise for a time a representative of the public. In fact, with the passing of outside intervention, except to assist in the settlement of local disputes, there is now left but little of the arbitration principle, or the invoking of external agencies for the adjustment of difficulties. In the instrument at present in force it is directly declared that what is not expressly provided for therein is not open to adjudication, or is "reserved." This constitutes one of the most vital changes yet made.

Finally, the agreements are in general made with the several associations which have been organized among the employers, and not with individual employers—unless the terms and conditions offered by the latter are at least equal to those of the former. The agreements continue for a fixed period, which at first was most often three years but has now as a rule been shortened to two. They may be renewed at the option of both parties, notices of desired changes being presented two months before their expiration. During their continuance there may be no stoppage of work, strike, or lockout. In some cases it has been provided that, should the union prove itself unable to enroll the bulk of the workers, the agreement should be of no effect. In the dress and waist agreement, furthermore, in order to enforce compliance on the part of employers, a provision has been inserted authorizing the withdrawal of the protection of the association, thus exposing an offender to a strike of his own. On the other hand, to put a stop to unjustified strikes in individual shops, which were becoming an almost perennial occurrence and were exceedingly vexatious, it was provided in 1919 that if in such case the strikers did not return to work within twenty-four hours and after being directed to do so by the union, they were to be regarded as having abandoned their employment.

So much for the formal provisions of the agreements. What have been the gains to the workers from them? These gains have been considerable. They include steadily increased wages, together with a "minimum wage" effected by express contract between em-

ployer and employee; reduction in hours of labor, which in the best organized industry is now 44 hours a week, with adequate compensation for and limitation of overtime work; recognition of the union, not merely as a formal matter but also in the extension of preference to its members in the engaging of labor—an approach to the “closed shop” with the sanction of the employer; the regulation of sub-contracting, which heretofore had been demoralizing in the extreme; and the abolition of certain other evils which had had a hold upon the industries.

For all these concessions what has the employer gotten in return? The answer lies in the definite period of quiet, or of “peace,” which has come to his business, with the assurance that there will be no strike therein within a given time, and that he can depend upon his labor. This is felt to be worth the price paid.

There now remains only the inquiry as to how the agreements which have been effected have been found to work out in practice. From what has already appeared, the industries concerned have been far from free from disturbances; warring parties have remained, and beneath the surface have smouldered discontent and animosity. Problems of one kind and another have presented themselves, some of a nature rather to be expected, some of a nature not to be foreseen. Complaints in various forms have arisen from one side and from the other. Charges put forth have been met by counter charges. Infraction of both the letter and the spirit of the agreements has been claimed. Each party has declared that the other has not lived up to, or has only partly lived up to, the protocol, or that the other has in greater or less degree failed to carry out its terms in good faith. Each has been ready with its bill of grievances. Perhaps to make matters worse, the bringing of complaints has been found to be a far from difficult matter, and in consequence there has arisen a host of complaint-mongers. On the other hand, it not infrequently has happened that the bringing of a complaint, even when justified, only invites the charge that one is a trouble-maker; and for this reason there has in certain instances been fear to make complaints. It is but natural that because of general economic and political differences, with some of the employers of a rather reactionary cast of mind, and with some of the workers of an ultra-radical disposition, there should be occasioned not a little friction. It is also true to no small extent that each party has at bottom been suspicious of and has secretly hoped to outwit the other.

To the association has been ascribed equivocation on a number of counts. Some of the larger establishments are said to make but little pretense of carrying out the agreements in all particulars, or even to ignore them generally. Accusations have been mainly directed against the want of adherence to the preferential union principle and the failure to conduct sub-contracting operations in the manner prescribed. It is alleged that in some establishments the preferential principle has been constantly evaded; and it is not rarely asserted that discrimination has been practiced against union workers wherever it has been possible. For workers who have been especially active in behalf of the union, things are often purposely made unpleasant, and continual irritation is afforded.

The contract and the subsidiary shop has been, as it was foreordained to be, a prolific source of trouble. The manufacturers have been charged with sending out work time and again contrary to the provisions of the agreements. Though these instruments call for the same conditions in the contract and subsidiary shops as in the regular shops, the very circumstances are such as to make resort to deception a constant temptation. Very frequently the regulations may conveniently be got around; and in the event of discovery it is easy enough for the employer to plead ignorance or otherwise to disclaim responsibility. The manufacturers have even ventured to suggest shifting upon the unions the matter of enforcing obedience, though hardly with serious expectation of offering a more efficacious measure.

Other complaints of the union relate to dissatisfaction with the settlement of prices for work on a garment; inequitable distribution of work; non-compliance with decisions; conditions in shops not in keeping with the provisions of the agreements; failure to be paid for overtime work or at the proper rate; and general ill treatment.

On the part of the employers, the principal charge against the union has been the stoppage of work without cause, a thing directly prohibited by the protocol, and a thing often to the serious detriment of business. Other complaints are concerned with disputes over the price of work on a garment, refusal of the union to abide by the results of tests or by decisions, obnoxious activities on the part of union workers, interference with the conduct or discipline in shops, and incompetency of certain union workers.

Further evidence of discontent with the conditions imposed in

the agreements, or of general restlessness, is found in the efforts at the time of their renewal to inject into them various modifications, for the supposed benefit of one side or the other—to say nothing of the ceaseless demands of the unions for an increase in wages.

Nor is it to be thought that complete organization has been effected in the industries under examination. In none of them can the union claim to be in control of more than a part of the labor supply. Even in association shops there remains an element of the employees not covered by the agreements, in a small number of the shops the agreements having application to comparatively few of the employees. In the kimono and house dress industry not quite half of the employers and of the employees are affected. In certain instances employers have even withdrawn from the agreements; and sometimes, rather than submit to what they regarded as onerous conditions, they have moved their establishments from the city; in many more cases they have threatened to do so. In the lace-making industry, relatively small in itself, and in which organization has never been strong, the agreement has, because of alleged competition in nearby cities which the employers claimed to be unable to meet, virtually been allowed to die.

It thus appears that in their practical working out, the agreements have had anything but smooth sailing, and have been far from bringing entire "peace" to the industries. Yet, with all due insistence upon the shortcomings of the agreements and upon the difficulties under which they have operated, it remains that through these instruments there have been achievements bearing large and measurable benefits, and of really high significance.

The results gained in the five separate industries with which we are concerned in this study have been very different. At one extreme is the embroidery industry, in which any sort of agreement is hardly more than nominal; at the other extreme is the dress and waist industry, in which there is being built up effective machinery for the adjustment of industrial disputes, and in which is being done pioneer work for the guidance of other industries. Even in those trades where the results seem to be least, there have been marked gains by organized labor, and there has been an approach toward order out of conditions well described as chaotic. It is perhaps this latter feature which is entitled to main emphasis.

Even though the numerically greater portion of the various establishments in the industries are not members of the associations

organized in them, and which constitute initially one party to the agreements, yet the largest and most important establishments, and those having together at least as many employees, are members. In a considerable number, if not in most of the non-association shops, furthermore, there have been effected individual trade agreements, practically up to the standard of those in the regular association shops. In the white goods industry the bulk both of the employers and of the employees seem to be covered; and in this industry the agreement is reported to have worked in a generally satisfactory manner.

The dress and waist industry merits more specific attention. Here there has been forged an instrument for the adjusting of the disputes arising from over thirty thousand employees and several hundred employers. The machinery that has been created for the purpose, though requiring frequent lubrication and frequent mending, has, all things considered, run pretty smoothly. For the settling of certain matters, measures of a highly scientific order have been introduced. To help set correct prices for the work of employees, there have been called in outside experts, with the inauguration of a test shop as a further means of determining proper wages. The grievance committee for the hearing of complaints holds regular meetings, and has all complaints placed upon its calendar in order. In the actual settlement of controversies, moreover, there has been evolved a method at once simple, practical, and speedy. This is through a system of "deputy clerks," who, appointed in equal numbers from each side, act as representatives of the "clerks" regularly provided for. Being of informal character, these deputy clerks go about their work quietly and without ado, visiting the plants where disturbances or misunderstandings have arisen, and if possible settling them then and there. Perhaps as many as three fourths of the disputes are thus disposed of.

Through the board of sanitary control, in the next place, there have been notable results in the way of the introduction of safety and general health measures, with the frequent inclusion of educational campaigns in this direction—often supplementing, and sometimes anticipating, the work of health and other public bodies. The procedure employed in the giving of notice of defects or dangers, with follow-up work in warning and disciplining recalcitrant offenders, is not only important in itself but serves as an example for other industries. The cost of the upkeep of this board,

as of other boards, is jointly borne by the association and the union. The union, moreover, makes use of the machinery thus established for the conducting of medical and dental clinics for its members.

The agreements have not brought "peace" to the garment industries. The most that can be said for them is that they have brought temporary truces. Storms have had to be weathered; disaffected and antagonistic elements have had to be placated. Important changes have had to be made in the agreements, some of them meaning the abandonment of advanced measures for the determination of controversies. It may be that the agreements will in time be discarded by mutual desire, or that one side will decline longer to be a party to them. It may be, on the other hand, that in time the agreements will be better understood and appreciated and that still more satisfactory measures will be evolved for the settling of disputes. In any event, the agreements will have demonstrated themselves experiments of the utmost significance. Their value as a proving ground for the adjustment of difficulties between employers and employees will have been established. They will have constituted a landmark in our industrial history.

HARRY BEST.

University of Kentucky.

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Elementary Economics. By CHARLES M. THOMPSON. (Boston: Benjamin H. Sanborn and Company. 1919. Pp. xii, 420. \$1.44.)

This is a secondary school text of the more conservative type, following in its general outline the traditional college text and differing from the latter mainly in its brevity, in the introduction of pictorial illustrations, and in the use of a larger number of exercises and problems than is usual in the more advanced text. Its division into parts and its general order of discussion are close to the traditional line of procedure in economics textbooks, though the material in its chapters varies somewhat from the ordinary in the extreme compression of much of the theoretical discussion and the relative elaboration of some of the more practical aspects of economic activity.

The most conspicuous characteristics of the book as a general work on economics are its conservatism in matters of economic theory, occasioned no doubt by the commonly accepted dictum that an elementary text should deal little in controversy, and its frequently careless and sometimes erroneous statements of important economic terms and principles. For example, in introducing his formulation of Gresham's law, the author says: "When coins of two standard metals circulate side by side, the coins which are worth *less*¹ as metal than as money will drive out of circulation the coins which are worth *more*¹ as metal than as money" (p. 215). But what of the familiar case in which gold coins are the "cheap" or "poor" money and their value as money is the same as their value as metal? This is, of course, only a careless statement, but it goes unmodified; and there is nothing in the book to enlighten the student who reads the author's account of the monetary history of the United States between 1834 and 1873 as to how this statement can be made to jibe with the facts. Further, the thoughtful student is likely to have his confusion only increased by the amazing statement on page 224 that, since the silver dollars and the various forms of paper money now in circulation in the United States can all be exchanged "either directly or indirectly for gold" . . . "*because of this significant fact Gresham's*

¹ Thompson's italics.

law is inoperative; that is, there is no good and no poor money."²

It is unfortunate again, that the author has chosen a questionable point of view in discussing distribution, setting aside taxes paid to government as one share in the distribution of income along with rent, wages, interest, and profits (p. 283 and title heading of chapter 29). There is precedent for this in a short chapter in Francis Walker's *Political Economy* (Advanced Course, ch. 7, pp. 272-278) entitled *Two Other Shares in Distribution*, in which Walker discusses the amount of the product of industry taken by government and that taken by speculators. Such a treatment of distribution violates consistency in viewpoint. The benefits arising from the functioning of government are, of course, distributed in the same sense as are incomes resulting from land ownership, capital ownership, and labor, and taxes may be looked upon as payment to government for the production of them; but if this is done the individual is to that extent lost to view. Rent, wages, interest, and profits flow into the pockets of some individuals out of the pockets of other individuals. Ultimately taxes also flow into the pockets of other individuals, but they then take the form of rent, interest, wages, or profits, not the form of a distinct income stream. Government operates through the agency of individuals just as natural forces play their part in production through the use of land and the exercise of labor. We do not apportion a special share in distribution to natural forces. Why apportion one to government? In both cases the ultimate recipient of the payment for the benefits received is an individual, paid for the use of his land, his capital, or his labor (including enterpriser's labor). Moreover a government has no net income in the same sense in which other corporations are considered to have none. Rent, interest, wages and profits are individual incomes; taxes are not.

Further, there are few careful thinkers who will agree with the author's repeated and unmodified definition of mercantilism, that it is or was "state regulation of business" (p. 141); though there are probably none who would question that this was a *part* of mercantilism, one of the means by which the nationalistic aims of the mercantilist statesmen were to be realized. Few will accept, in consequence, his unmodified and superficial assertion that the present move toward state regulation of business is a step in the direction of mercantilism (p. 190), if it is the ideals and chief aims of the sixteenth, seventeenth, and eighteenth century mer-

² Italics are mine.

cantilists that are in mind. Consideration of the fact that it is the Internationalists of every stripe who are most active in advocacy of government regulation (and ownership) and the most ardent nationalists who are most opposed to it, except in the form of protection, should lead to a more careful description of the present movement than that which adheres to the term in question. The use of this term in this connection is the more unfortunate because it has a tendency to throw against a movement which should be considered upon its own merits and demerits all the discredit which has been attached to mercantilism by more than a century of laissez faire economics.

In its discussion of the protective controversy the book is again decidedly unsatisfactory. The tariff question is always a difficult one to handle where appeal cannot be had to a fairly mature intellect in which political and traditional prejudice can be set aside to some extent. But neither this difficulty nor the necessity for brevity will excuse an account of tariff history in this country which ignores the tariff of 1857 and says of it and of the relation of the great panic of that year to the tariff question only that the tariff of 1846 "with slight modifications . . . remained in force until 1861, when it was superseded by the Morrill act, which bore higher rates made necessary by a treasury deficit" (p. 258), leaving the reader to infer that the deficit was due to the act of 1846, or perhaps to its "slight modifications," and that the act of 1861 was occasioned solely by the existence of the deficit. And to what can be attributed the apparent implication on page 259 that the tariff of 1894 was passed before the outbreak of the panic of 1893, accompanied as the description of this act is by the statement that "the people believed it was largely responsible for the panic of 1893" (p. 260)? There is no question among careful students of this period that the popular notion cited by Thompson is erroneous. Would it not be better to correct it than to give it the additional standing which the passage referred to might accord it?

Considered merely as a textbook, the book lacks in many chapters the careful definition of terms which makes for clear thinking. Further, the topics chosen for discussion are so numerous that compression of material necessitated by the effort to keep the work within the bounds of a useful high school text has left some parts of the book, particularly some of the historical sections, all but unintelligible to any but well informed readers. Examples are

to be found in the outline of the evolution of the existing economic system (pp. 85-88) and the account of mercantilism and laissez faire (pp. 141-143.) These are faults which can be corrected by careful teaching, but is it wise to presuppose such teaching in the present state of high school work in economics?

The book has two pedagogical advantages: one in its fund of concrete illustration and application, which is, however, not evenly distributed so that some difficult parts—for example, the discussion of increasing and diminishing returns—are needlessly abstract, the other in the excellent sets of exercises and problems at the end of each chapter. These are nevertheless not sufficient recommendation, it seems to the reviewer, to offset the damage likely to be wrought by needless and serious inaccuracies and misimplications like those just described, the more as there are at least two books at present largely occupying the field this one is intended to fill which are more careful in their thought and phraseology, at least as well balanced in their selection of topics, and, in the case of one of them, just as concrete in statement and illustration.

HARVEY A. WOOSTER.

Tufts College.

NEW BOOKS

CARVER, T. N. *Principles of political economy.* (Boston: Ginn. 1919. Pp. ix, 588. \$1.96.)

This is a "book for beginners" and is admirably adapted for use as a first book whether the readers are young or old. It is divided into seven parts: The underlying conditions of national prosperity, Production, Exchange, The distribution of wealth, The consumption of wealth, Public finance, and Reform. Part two is subdivided into two sections: The productive forces, and The productive industries. The discussion of public finance has been reduced to "the general principles of taxation" covered in two chapters, the second of which has to do with the financing of a war.

The introduction, after stating that "the question of national strength is largely an economic one," continues: "It is the purpose of this book to examine the economic foundations of our national strength and to point out some of the more direct methods of improvement, to the end that our democratic nation, and all democratic nations, may grow prosperous and great in all the elements of national greatness." The methods of improvement proposed include: an understanding of the leading principles of political economy by the people of a democracy; education in general; reliance on the old-fashioned virtues, such as thrift and honesty; inculcation of the

ideal of a productive life as contrasted with one devoted to leisure and luxury; an enlarged reliance on individual initiative; and the securing of a proper balance among the factors of production and the elements of the population.

The book abounds in clear-cut and thought-provoking statements, as in apt illustration. It makes large use of illustrative material from the field of agricultural economics. Its criticism is always constructive and its conclusions positively stated. Two quotations are proffered as indicating the quality of the book. The first concludes chapter 42 on The Battle of the Standards. "Preparedness for this final and ultimate conflict will consist in the study of standards of living and the adoption of such standards and habits as will increase productive efficiency to the maximum and reduce the cost of living to the lowest point which is consistent with maximum productivity." The second concludes the final chapter, Constructive Liberalism. "We need not have poverty in our midst a generation longer than we want it. By setting to work deliberately to balance up our population, making ignorance and lack of skill to disappear, and making technical training and constructive talent to increase, we can, in a short space of time, make low wages and poverty a thing of the past. What is even better, we can do this and still leave every one a free man. This is the gospel of the new, or constructive, liberalism which is destined to bring relief, if not to this nation, at least to some nation which has the wisdom to adopt it, and which, when adopted, will keep that nation in the position of leadership among all the nations of the earth."

CHARLES E. PERSONS.

COOPER, W. R. *The claims of labour and of capital*. (London: Constable. 1919. Pp. 84. 2s. 6d.)

GIDE, C. *Principes d'économie politique*. Twentieth edition. (Paris: Sirey. 1919. Pp. 686.)

GOBBI, U. *Trattato di economia*. (Milan: Societa Editrice Libreria. 1919. Pp. 653.)

HAMILTON, W. H. *Current economic problems. A series of readings in the control of industrial development*. Revised edition. (Chicago: Univ. of Chicago Press. 1919. Pp. 946. \$3.)

LAING, G. A. *An introduction to economics*. (New York: Gregg Pub. 1919. Pp. 454. \$1.20.)

LORIA, A. *Corso de economia politica*. Second edition, revised and enlarged. (Turin: Bocca. 1919.)

McJOHNSTON, H. *The brevity book on economics*. (Chicago: Brevity Pub., Plymouth Bldg. 1919. Pp. 84. \$1.)

RAPHAËL, G. *Walther Rathenau, ses idées et ses projets d'organisation économique*. (Paris: Payot. 1919. 4.50 fr.)

Economic History and Geography

Armenia Economica. By V. TOTOMIANZ with a preface by LUIGI LUZZATTI. (Rome: A. F. Formiggini. 1919. Pp. viii, 86.)

Professor Totomianz, of the University of Moscow, an Armenian by race, lately a refugee in Italy, has written a compact volume which so soberly and impressively describes the economic status of his country that it deserves a wide circulation, if possible in translation. The time has passed when our western countries can continue in complacent ignorance of the affairs of Asia Minor; and henceforth the need will be felt of understanding all sides of the lives of the people who dwell there.

Much more than a political difference makes the chasm between Armenia and our own country. The heavy hand of the Turk has been everywhere, extinguishing hopeful effort, the fiscal system has been incredibly bad, the Turk himself lazy; but if at one stroke this alien control were swept away, a large problem, not soluble at a stroke, would be bared. In several at least of its main features this problem exists in all regions of Asia Minor, in much of Russia, in the Balkans, including Greece, in South Italy, Spain, and elsewhere. Stated in the simplest terms, an ancient agricultural system has never yet been adjusted to modern world circumstances and non-agricultural industry has not been modernized. Many a telling sentence in Professor Totomianz's book could be applied literally to some of these other countries, the political constitutions of which are greatly different. Though more than half a century has passed since the Bourbons were ousted from South Italy, the problem there today offers endless analogies with that of Armenia.

Here is a country predominantly agricultural—it was a world granary in ancient times—yet now forced, despite a relative sparseness of population, to import grain. The rich forests that once existed are gone (wood is so scarce that manure is a common fuel) and the usual consequences have appeared: floods, the fear of floods, abandonment of fertile lands. “If the course of the Meander could be controlled, those immense plains would become rich and prosperous, and the great delta of the Meander could become like that of the Nile.” Water is plentiful, cotton could be grown extensively, but works of irrigation are insignificant today. The ancient plow which scratches and does not turn over the soil is in general use, and implements and methods of culti-

vation are at nearly every point antiquated. The Turkish land system which has many surprising analogies with that still left over from feudalism farther west, is discouragingly bad. Various are the parasitic types it has developed. The heavy taxes are unaccompanied by needed gains to the people, as, for example, by the construction of ways of communication. Though three continents are in adjacency, the railroads are few and under foreign control and in each case they serve the political ends of their owners as well as economic ends (Totomianz expects that English, French, and American capital will complete the Bagdad railway). Coal and iron abound, even in close association, but modern industry has not begun. Silk grows finely, but no organization of its manufacture has appeared. Like the Venetians and Genoese, the Armenians have been made traders by the advantageous cross-roads position of their country.

The book is much more an account of what is wrong in the condition of Armenia than a program of action. A great deal, however, that needs to be done stands forth by implication. The author does indeed stop to lay stress on coöperative enterprise (he is a well known advocate of coöperation), some forms of which are very old among the Armenians, and on banks of the Raiffeisen type. Emigration he deplores as "a grave damage to the integrity of the Armenian people."

ROBERT F. FOERSTER.

Harvard University.

World-Power and Evolution. By ELLSWORTH HUNTINGTON.
(New Haven: Yale University Press. 1919. Pp. 287.
\$2.50.)

This new book of Professor Huntington's possesses all the strong and weak points of his previous writings. In common with *The Pulse of Asia, Palestine and Its Transformation, or Civilization and Climate* it combines originality of ideas, clearness of expression, and wealth of laboriously collected and effectively handled material with an overemphasizing of certain phenomena and a willingness to arrive at far-reaching conclusions upon what would seem to many insufficient data. It is true that a number of the author's statements indicate that he is aware of his bias; but this cannot free him from accusation that he is one sided and that, in the pursuit of corroborative evidence for his thesis, he does not always analyze carefully his facts either regarding their impor-

tance or their relationship as to cause and effect. While one can find some excuse for the enthusiasm with which Dr. Huntington expounds his highly interesting theory, one can hardly acquiesce in his view that "only when the world realizes that the human race must be bred as carefully as race horses," will there be time "for a book in which training, heredity, and environment receive exactly equal emphasis" (p. 8). It is neither possible nor desirable to discuss here the question whether each of these three factors should receive equal emphasis when one deals with the vicissitudes in the life of nations and with causes which have brought about the progress of humanity; one thing, however, is certain, and that is that the cause of scientific truth is not benefited by throwing, as Dr. Huntington has done, one hypothesis into such relief as to overshadow all the others.

The writer undertakes in this work to apply to all the ages, from the prehistoric to the most modern times, his well known thesis of pulsatory climatic changes and of the control which such changes have been exercising upon all the important manifestations of organic life. The book covers a wide range of topics. From a discussion of the relation between business depressions and health, the author passes to a consideration of the extreme sensitiveness with which human body and mind respond to heat and cold, to humidity and dryness. He then takes the reader back to the Glacial Period advancing a new theory of the cause of mutations, *i.e.*, the appearance of new species. This is followed by a study of the factors which have brought about the mental evolution of men and the origin of new types amongst them as well as amongst animals. The work concludes with an investigation of conditions in ancient and mediaeval Rome and modern Turkey and Germany in so far as the people of these countries have exemplified, according to the writer, by their conduct the validity of his contention that a favorable, stimulating climate is the main cause of virility, mental and physical alertness, power of initiative, ability to achieve success and to withstand reverses, while unfavorable climate leads to stupidity, laziness, cruelty, and decay.

When dealing with the effect of health upon business, Dr. Huntington attempts to show that an increase or decrease in the amount of sickness, itself largely determined by the state of the weather, plays a predominant part in the ebb and flow of the stock market, in the rise and fall of prices, in the fluctuations of prosperity, and of immigration. In order to substantiate his

theory the author resorts to a method of statistical correlation. He plots alongside a curve representing the fluctuations in death rates, and another curve showing the results of civil service* examinations (the first introduced to indicate the condition of health and the second that of mental power), a number of other curves drawn for the purpose of indicating graphically fluctuations in business prosperity. The coincidence between the upward and downward movement of the latter curves with the first two is used by Dr. Huntington as corroborative evidence for his thesis that ill health precedes and is one of the main causes of financial depressions. The author shifts in his diagrams the New York clearing house transactions line three years to the left, the price of commodities and the national bank deposits line four years to the left and the immigration line five years to the left. There is no reason why the lag should be as it appears, and the shifting has been done in each case obviously after the writer has found that but for such shifting there would be little coincidence between the curves. The procedure certainly does not add to the convincingness of Dr. Huntington's statistical proofs.

Taken as a whole the book is intensely interesting and full of valuable suggestions; it should not be overlooked by any student of the causes of human progress and of economic and social conditions in different parts of the world.

SIMON LITMAN.

University of Illinois.

NEW BOOKS

BARKER, J. E. *Modern Germany. Its rise, growth, downfall, and future.* Sixth edition, entirely rewritten and very greatly enlarged. (New York: Dutton. 1919. Pp. ix, 496. \$6.)

BAUERLEIN, G. W. *The book of New Orleans and the industrial South.* (Kansas City, Mo.: Ferry-Hanly Advertising Co., 1120 Walnut St. 1919. Pp. 63. \$1.)

BOND, B. W., JR. *The quit-rent system in the American colonies.* (New Haven: Yale Univ. Press. 1919. \$3.)

This careful study of the aristocratic, feudal features of our colonial land system illustrates anew the truth that here in America as elsewhere free institutions are the result of gradual evolution. The book shows that instead of land being free in this country from the first, as is often loosely asserted, the fact is that nowhere in the British colonies outside of Massachusetts, Rhode Island, and Connecticut, was there an acre of land that was not held of a lord,

either the king or one or more proprietors; even in the Puritan colonies feudal obligations had a place in certain individual cases and in the relations to the crown; and quit-rents were demanded down to the eve of the Revolution. Professor Charles M. Andrews, in a brief introduction to the volume, suggests that the prospect of revenues from quit-rents explains the zeal of various British nobles for a century and a half to acquire landed estates in the American wilderness. These dues had a deterrent effect on land speculation, and, in some instances, particularly in Maryland, on settlement.

Professor Bond also throws fresh light on the origins of the Revolution by showing that irritation over the quit-rents was another one of the causes of discontent that led to the revolt. These feudal charges represented an outside control that was blocking progress. In Professor Andrews' words, "the quit-rent in the domain of real property, like the royal prerogative in the field of government and the navigation acts in the field of commerce, was an obstacle to complete colonial independence." Had the crown succeeded in obtaining an independent income from quit-rents, imperial control would have been so strengthened as to have made a revolt difficult if not impossible (p. 445).

Opposition to the quit-rents was not due to the amount of the payment except where large arrears had accumulated (p. 455); it was because of hostility to the principle of such a charge or discontent over the measures of enforcement. The difficulty of securing an acceptable medium of exchange during the colonial period is well brought out in the account of controversies over payment.

A well organized bibliography at the end contains a list of manuscripts and other unprinted material bearing on the subject with the places where they may be found.

AMELIA C. FORD.

BURTON, T. E. *Modern political tendencies, and the effect of the war thereon.* (Princeton, N. J.: Princeton Univ. Press. 1919. Pp. 119. \$1.25.)

CHAPMAN, S. J., editor. *Labour and capital after the war.* (New York: Macmillan. 1919. \$2.)

CLARK, E. T. *Social studies of the war.* (New York: Doran. 1919. Pp. 283. \$1.50.)

CLEVELAND, F. A. and SCHAFER, J. *Democracy in reconstruction.* (Boston: Houghton Mifflin. 1919. Pp. 491. \$2.50.)

A symposium on the general subject of reconstruction in the United States makes up this volume. There is presented a comprehensive survey of the political, social, and economic problems of the readjustment period. The several problems are discussed under the following heads: I, Ideals of Democracy; II, Institutions of Democracy; III, After-War Social Problems; IV, After-War Labor Problems; V, After-War Transportation Problems; VI, After-War Political Problems. Under the appropriate divisions are treated such subjects as democracy and private property, child welfare, so-

cial insurance, industrial relations, unemployment, transportation and commerce, public health, and political readjustment. More than a score of authorities have contributed to the discussion.

Readjustments occasioned by the war are sketched in many of the articles. In this respect the authors have duplicated information already presented in other works on reconstruction, but there is ample justification in the intimate relation that exists between war conditions and the problems of reconstruction. Moreover, the major part of the volume is devoted to reconstruction. The whole discussion is prefaced with a suggestive historical survey of political, social, and economic developments in the United States.

The book is open to criticism at some points. In discussing the suggestion for a general distribution of wealth among the masses the contributor states: "If such a plan offered any hope in solving this problem it would have been adopted centuries ago," and "The division of wealth or rise in salaries will not make us richer or happier" (p. 257). The assumption here seems to be that any scheme of social reform that has not already been tried offers no relief. The author fails to recognize that, first, in early organizations of human society such a general distribution of wealth existed and, second, that the dynamic forces of social evolution often introduce changes hitherto unknown. If the division of wealth or rise in salaries will not make humanity richer or happier it is difficult to understand the psychology that underlies present social unrest or to comprehend the necessity of thrift which the author declares to be the lever of social progress. The space devoted to the discussion of after-war labor problems seems to be too brief. Long before hostilities ceased it was generally conceded that the labor problem would constitute the most serious question of the reconstruction period, and subsequent developments have substantiated this opinion.

GORDON S. WATKINS.

ESAREY, L. *A history of Indiana*. Vol. I, *From its exploration to 1850*. Vol. II, *From 1850 to the present*. Second edition. (Bloomington, Ind.: The author. 1919. Pp. 1142. \$8.)

Among the chapters in volume I that are of economic interest are: chapter 2, dealing with Economic Development, 1825-1835, including sections on early roads, stage lines, river navigation, and early mail service; chapter 15, Public Lands of Indiana; chapter 16, Internal Improvements, including the canals and roads; and chapter 17, Second State Bank. There is also a brief description of the Third State Bank. The volume is an original study and will be of permanent value, as the author has based his authority on contemporary newspapers and public documents. There is an interesting map showing the internal improvements in 1836.

Fox, D. R. *The decline of aristocracy in the politics of New York*. Columbia University studies in history, economics, and public law, vol. LXXXVI. (New York: Longmans. 1919. Pp. xii, 460. \$8.50.)

FRANK, G. *The politics of industry*. (New York: Century Co. 1919. Pp. 214. \$1.50.)

FRIEDMAN, E. M. *Labor and reconstruction in Europe*. (New York: Dutton. 1919. Pp. xv, 216. \$2.50.)

It is the purpose of this volume to outline the labor situation in Europe with a view to promoting in this country a clearer conception of the struggle for justice, equality of opportunity, and social responsibility that is going on in the Old World. No definite policy and no scheme of reform is advocated, and in the interest of preserving the original point of view the author quotes directly and at length from primary sources. The labor problem is recognized as the most serious one that will command the attention of the new generation.

Fully one half of the volume is devoted to a presentation of the reconstruction programs that have been advanced by different interest groups in England, especially those found in the reports of such bodies as the Whitley Committee, the Garton Foundation, the Minister of Labor, and the British Labor Party. Generous treatment is accorded also the reform measures proposed by workmen's organizations and other interests in Germany. Two of the four chapters deal exclusively with the structure and functions of reconstruction commissions and the general problems of the post-bellum period. The major thought here is that the reconstruction problem is fundamentally one of making good the wastes occasioned by the war. To this end production must be increased and consumption curtailed.

The volume is for the most part a compilation and reprint of foreign programs for reconstruction and is in no sense an original analysis of the contemporary labor situation in Europe. Persons who have read these reports in the official organs of foreign governments or in the publications of the United States Department of Labor and the Department of Commerce will find little additional information in this book. For those who have not had access to these documents, this work will prove of value.

GORDON S. WATKINS.

GILBERT, C. G. and POGUE, J. E. *The energy resources of the United States: a field for reconstruction*. Mineral industries of the United States. (Washington: Supt. Docs. 1919. Pp. 165.)

GOLDSTEIN, J. M. *Russia, her economic past and future*. (New York: Russian Information Bureau. 1919. Pp. 99. \$1.75.)

GRAF, G. E. *Die Landkarte Europas Gestern und Morgen*. (Berlin: Paul Cassirer. 1919. Pp. 271.)

HAYNES, F. E. *James Baird Weaver*. (Iowa City: State Historical Society. 1919. Pp. xv, 494. \$2.)

HENDRICK, B. J. *The age of big business: a chronicle of the captains of industry*. Chronicles of America series, vol. XXXIX. (New Haven: Yale Univ. Press. 1919. Pp. x, 196.)

HOBSON, E. G. *Educational legislation and administration in the state of New York from 1777 to 1860*. Supplementary educational monographs published in conjunction with the *School Review and the Elementary School Journal*, vol. III, no. 1. (Chicago: Univ. Chicago Press. 1919. Pp. 267.)

JASTROW, M., JR. *Zionism and the future of Palestine. The fallacies and dangers of political Zionism*. (New York: Macmillan. 1919. Pp. xix, 159. \$1.25.)

Distinguishes between the three movements, religious, economic, and political, and is critical of the latter. Opposed to the segregation of the Jews as a nationalistic unit in any country.

JAVAL, H. *Graphiques comparés des rentes françaises de 1798 à 1918*. (Paris: Alcan. 1919. 2.50 fr.)

KELLOGG, V. *Germany in the war and after*. (New York: Macmillan. 1919. Pp. 101. \$1.)

Contains a chapter on "What the blockade did to food."

KOHLER, M. J. *An important European mission to investigate American immigration conditions and John Quincy Adams' relation thereto (1817-1818)*. Reprinted from *Deutsch-Amerikanische Geschichtsblätter, Jahrbuch der Deutsch-Amerikanischen Historischen Gesellschaft von Illinois*, Jahrgang 1917. (New York: Baker & Taylor. 1919. Pp. 27.)

LABRY, R. *L'industrie russe et la révolution*. (Paris: Payot. 1919. 4.50 fr.)

McLAREN, A. D. *Germanism from within*. New and revised edition. (New York: Dutton. 1919. Pp. 383. \$5.)

McLEAN, J. *One hundred years in Illinois (1818-1918). An account of the development of Illinois in the first century of her statehood*. (Chicago: Peterson Linotyping Co. 1919. Pp. 298.)

McMASTER, J. B. *Life and times of Stephen Girard: mariner and merchant*. (Philadelphia: Lippincott. 1918. Pp. 468; 481. \$5.)

MERCER, J. K. *Ohio legislative history, 1913-1917: administrations of governors James M. Cox, 1913-1914; Frank B. Willis, 1915-1916; James M. Cox, 1917-1918*. (Columbus, O.: Department of State. 1918. Pp. 712.)

MEYER, H. H. B., compiler. *Select list of references on economic reconstruction, including reports of the British Ministry of Reconstruction*. (Washington: Library of Congress, Division of Bibliography. 1919. Pp. 47.)

MORRIS, D. B. *The Stirling Merchant Guild and Life of John Cowane*. (Stirling, Eng.: Jameston and Munro. 1919. Pp. 367. 7s. 6d.)

MOUNIER, A. *Les faits et la doctrine économique en Espagne sous Philippe V, Gerónimo de Uztariz, 1670-1732*. (Bordeaux: Cadoret. 1919. Pp. 302.)

- O'BRIEN, G. *The economic history of Ireland in the eighteenth century*. (London: Maunsell. 1919.)
- PAGE, W., editor. *Commerce and industry*. Vol. I, *A historical review of economic conditions of the British Empire from the Peace of Paris in 1815 to the Declaration of War in 1914, based on parliamentary debates*. Vol. II, *Statistical tables*. (London: Constable. 1919. 32s.; 24s.)
- POMMEREUIL, R. *La guerre économique 1914-1918*. (Poitiers: Oudin. 1919. Pp. 444.)
- PRATO, G. *Riflessi storici della economia di guerra*. (Bari: Gius. Laterza & Figli. 1919. Pp. 226.)
- PRIMORAC, V. *La question Yougo-Slave, étude historique, économique et sociale*. (Paris: Yougoslavia. 1918. Pp. 302.)
- PUPIN, R. *Richesse privée et finances françaises avant, pendant et après la guerre*. (Paris: Delagrave. 1919.)
- SANTIBANEZ, E. *Geografía comercial de las naciones latino americanas*. (New York: Appleton. 1919. Pp. 263. \$1.50.)
- SLOANE, W. M. *The powers and aims of western democracy*. (New York: Scribner's Sons. 1919. Pp. vii, 489. \$3.50.)
- STIÉNON, C. *Anvers et l'avenir de l'entente: de l'influence prépondérante des moyens de transport dans la lutte économique*. (Paris: Nouvelle Librairie Française. 1918.)
- SWEM, E. G. *A bibliography of Virginia*. Part III, *The acts and the journals of the General Assembly of the Colony, 1619-1776*. Bulletin of the Virginia State Library, vol. XII, nos. 1, 2. (Richmond, Va.: State Library. 1919. Pp. 71.)
- DE TARLÉ, A. *La préparation de la lutte économique par l'Allemagne*. (Paris: Payot. 1919.)
- VANDERLIP, F. A. *What happened to Europe*. (New York: Macmillan. 1919. Pp. xviii, 188. \$1.25.)
- WADE, C. G. *Australia: problems and prospects*. (New York: Oxford Univ. Press. 1919. Pp. 111. \$2.)
- WILLARD, J. F. *The Union Colony at Greeley, Colorado, 1869-1871*. University of Colorado historical collections, Colony series, vol. I. (Boulder: The University. 1918. Pp. xxxii, 412. \$3.)
- Annuaire financier des valeurs régionales du Dauphiné et de la Savoie*. (Grenoble: J. Rey. 1919.)
- Banca Commerciale Italiana. Cenni statistici sul movimento economico dell'Italia*. Vols. 11 and 12. (Milan: Banca Commerciale Italiana. 1918. Pp. 1,083 and 619.)
- Canada. Economic position and plans for development*. (New York: Guaranty Trust Company. 1919. Pp. 80.)

Cuba. Review of commercial, industrial, and economic conditions in 1919. (New York: National City Bank. 1919. Pp. 28.)

Interim report of the European commission of the National Industrial Conference Board, July, 1919. (Boston: The Board, 15 Beacon St. 1919. Pp. 34.)

International reconstruction. The Annals of the American Academy of Political and Social Science, vol. LXXXIV, no. 173. (Philadelphia: The Academy. July, 1919. Pp. 223. \$1.)

The international year book for the year 1918. (New York: Dodd, Mead. 1919. Pp. 800. \$6.)

Japan yearbook. Complete cyclopedia of general information and statistics on Japan and Japanese territories for the year 1918. (Tokio. 1918. Pp. 785.)

Latin-American yearbook for 1919. (New York: Criterion Newspaper Syndicate. 1919. \$3.)

The world tomorrow. An analysis of the economic relations of the peace era, as they affect the world at large. (New York: Mechanics and Metals National Bank. 1919. Pp. 84.)

Agriculture, Mining, Forestry, and Fisheries

Effects of the Great War upon Agriculture in the United States and Great Britain. By BENJAMIN H. HIBBARD. No. 11 of Preliminary Economic Studies of the War, Division of Economics and History, Carnegie Endowment for International Peace. (New York: Oxford University Press. 1919. Pp. ix, 225.)

The keynote of this interesting study is struck in the first sentence of the editor's preface: "Never before in the history of war has the food question played so large a part as in the present world war," and in the later observation, "here, as in Great Britain, the measures were of two kinds, the stimulation of production and conservation in consumption." Professor Hibbard addresses himself to the task of explaining how the exigent character of this food problem affected the agriculture of America and England from the autumn of 1914 to the summer of 1918. In doing so he presents, first, a condensed descriptive and statistical account of the more important lines of American agricultural production before and during the war. This occupies sixty-seven pages, and is followed by an eighty-two page general account of governmental activities toward the stimulation of farm production, the improvement of market agencies, and methods of food control. The remaining fourteen and one half pages of part I are devoted to an

appraisal of the work of the Food Administration and brief statements of the effect of the war on intensity of cultivation and upon agricultural prosperity.

Part II deals with Great Britain and is in the main similar in plan and content to part I, but is designed upon smaller dimensions and is truncated by the omission of such critical and interpretative comment as is found in chapters 6, 7, and 8 of part I.

As already mentioned, the point of view is so predominantly that of food control that at times it seems that the effects of the war upon the organization of agricultural enterprise are pushed into the background. Several interesting issues are raised, as, for instance, the meaning of the fact that the actual increase of acreage, under stress of war needs, was found chiefly in the southern states. What this will mean in the future or whether the movement toward the correlation of other lines of production with cotton growing in the South will have a permanent effect is a matter of considerable moment. The reviewer is inclined to suspect that Professor Hibbard underestimates the importance of wartime changes in southern agriculture. His dismissal of the question of reforms in the methods of storing and financing cotton (p. 45) with the remark, "the solution of the cotton difficulty came from another quarter. The markets were again opened and cotton was in demand," ignores permanent changes of considerable magnitude which have come over the organization of our cotton-growing industry.

While this volume does not attempt any formal discussions of the ultimate value of price-regulating activities, it may be gathered from several fragmentary allusions that the writer entertains a friendly attitude toward the possibilities of such measures. (See pages 30, 53, 75, 175, 186, 191, 210, etc., and notably his remark on page 153: "Many will go farther than does Mr. Hoover in the faith that the government is able to guide competitive forces to the advantage of the country.") Such hints quicken the reader's desire for an extended discussion of this important issue. Nor can one fail to observe a certain disparity between these views and the attitude indicated by the editor of these studies on page iv of the editor's preface: "The attempts at price regulation of food producers can not be said to have had any far-reaching results on the situation." Whether Professor Kinley had failed to read the manuscript or whether, having read it, he felt the need of such prophylaxis to mitigate the effect of those

poisonous doctrines which he knew all too well were soon going to be injected into the reader's mind, is matter for conjecture.

Likewise, one might ask whether Professor Hibbard is entirely consistent with himself in the matter of his price theories, when we contrast his favorable comments on price control with his words on page 141:

Formerly milk was sold on the basis of a price in which competition played the major rôle. Now on account of the unprecedented demand for the cereals out of which milk is largely produced; on account of the high price of labor involved; and on account of the great demand for milk at condenseries, we are, due to these contributing causes, together with possibly a few more, trying to substitute "fair price" for the ordinary competitive price.

This sentiment, it should be observed, is interjected into a discussion of milk prices in which the practice of using the market price of feed in computing cost of production is defended. This argument on milk prices should in turn be set alongside the discussion of the hog-corn ratio, where Professor Hibbard gives this sound bit of price theory:

It must be remembered that feeding hogs is one of the main ways of disposing of the corn crop. Any important change in the hog demand for corn is bound to affect its price materially. It is admitted that the ratio is a stimulating one with reference to hog production. That is to say there is more money in \$13 hogs than in selling corn at \$1 a bushel. Then why should not the farmer bid higher for corn in order to get more pork ready for the market? But should he offer \$1.50 for the corn and bring the selling price to that point, then must hogs automatically go to \$19.50 a hundred. At those prices for both hogs and corn there is as before more money in the hogs than in corn sold directly, and so why should not the farmer offer \$2 for corn? In which case the government would of necessity undertake to keep the price of hogs at \$26. If there is any end to the hide-and-go-seek game thus set in motion it is not apparent. Manifestly the riddle of artificial price making has not yet been altogether solved.

Would not essentially the same argument apply to the case of cost of production figures used for the purpose of adjusting the price of milk?

This monograph brings together in small compass a large amount of valuable data, and many shrewd comments are made upon it by one who has a real grasp of the nature of the modern business of farming. It is no little comfort after all the amateurish nonsense that has been inflicted on the public, to have these issues set forth by a writer of professional competence. As stated

in the subtitle, this is merely a "preliminary study of the war," and most of the figures presented apply to the year 1917 or before. One can only commend the caution which restrained Professor Hibbard from attempting to make hasty generalizations or draw too sweeping conclusions, but at the same time it is to be hoped that, upon this good foundation, he will in due season give us a critical study of the permanent usefulness of various war devices and of the long run significance of wartime changes.

E. G. NOURSE.

Iowa State College.

The Place of Agriculture in Reconstruction. A Study of National Programs of Land Settlement. By JAMES B. MORMAN. (New York: E. P. Dutton and Company. 1919. Pp. 374. \$2.00.)

In the first chapter Mr. Morman calls attention to the fact that a great readjustment must take place in the labor world following any great war. Hence there must be after this war very great readjustments. The methods of solving the problems center around such questions as employment, land settlement, price control, farm credit, and marketing.

While the title of the book is *The Place of Agriculture in Reconstruction*, the subtitle is the one which suggests the nature of the contents. Students of land problems will find the sketches of the plans for putting soldiers on the land as practiced by different countries.

The vagaries of the program of the Department of the Interior are set forth in unmistakable clearness. The failure on the part of the government to make any tangible provision for the settlement of soldiers on the land stands out in sharp contrast to the care exercised by other countries, most of them less favorably situated with respect to a land supply.

The latter part of the book is of a genuinely constructive character, and shows an unusual insight into the land and land tenure situation. It is gratifying, for instance, to find a writer discerning enough on the question of land tenure to say:

It is not a safe assumption that passing from the tenant class to the farm-owning class removes any of the difficulties surrounding modern economic and social life or solves the problems of rural welfare. As a matter of fact it does not. Under a fair system of leasing farms, thousands of tenants are providing themselves with an adequate return for their labor and a moderate investment in capital equipment;

whereas, thousands of landowners fail to do so as a return for their land, labor, and capital together.

One of the main questions to be considered in connection with any comprehensive land policy is the amount of available land still unused. In his comments on this topic the author leaves an impression which is of doubtful correctness. For instance, after noting that but 54.4 per cent of the farm land is improved he says: "There is a vast amount of land, therefore, now uncultivated on farms that could be put under the plow and which would in all probability supply all the requirements of land settlement for demobilized soldiers for many years to come," etc. That the land classed as unimproved by the census is being held out of use, and is therefore awaiting some new land system, is a matter not yet established. The fact is that much of the so-called unimproved land is really improved, and a very large part of it is used.

Another line of reasoning which not all readers will be able to follow is that entitled "the burden of interest." For instance, the author declares that: "It is the power of money to exact its share from the products of labor and capital of the farmer without any decrease, while all other forms of farm wealth depreciate in value, that constitutes one of the most flourishing means of depopulating rural districts." But is this situation any different in agriculture than in other businesses? Is it not merely another way of saying that farming is not prosperous? Why not as well say that by borrowing capital a farmer is enabled to use it so as to obviate the necessity of so much drudgery? It would surely be the case many times. True, a hundred dollars remains the same in nominal value while a plow deteriorates, but are they not bargained for with that important fact in view? Might it not even be pertinent to remark that the hundred dollar debt of three years standing has dwindled close on to 50 per cent, and the borrower correspondingly benefited? The author goes on to speak of interest as a toll exacted out of labor and capital. Few of us think of interest as normally paid out of the wages of labor. That interest is paid out of income is self-evident, but it is the general belief that capital contributes to the income, thus making the payment possible. Even so, the author makes many constructive suggestions concerning the financing of the returned soldier. His main proposal is: "That interest rates on farm loans and on city property must be

lowered and that political paternalism must be immediately checked."

B. H. HIBBARD.

University of Wisconsin.

NEW BOOKS

- BRADLEY, W. W. *Quicksilver resources of California; with a section on metallurgy and ore-dressing.* (Sacramento: California State Mining Bureau. 1919. Pp. 389. \$1.50.)
- BUTTERFIELD, K. L. *The farmer and the new day.* (New York: Macmillan. 1919. Pp. 311.)
- BURROUGHS, E. H. *Bibliography of petroleum and allied substances in 1916.* Bureau of Mines bull. 165. (Washington: Supt. Docs. 1919. 20c.)
- CANNON, E. *Coal nationalisation. Précis and evidence offered to the Coal Industry Commission.* (London: King. 1919. Pp. 36. 2s.)
- COBB, J. N. *Increasing our Pacific coast fishery resources.* (Sacramento, Cal.: State Council of Defense, Committee on Scientific Research. 1919. Pp. 14.)
- DAY, H. A. *The land question solved.* (London: King. 1919. 2s. 6d.)
- ERVIN, G. *Irrigation under the provisions of the Carey act.* (Washington: Supt. Docs. 1919. Pp. 14.)
- FANSETT, G. R. *Valuation of prospects.* (Tucson: University of Arizona Bureau of Mines. 1918. Pp. 9.)
- GALPIN, C. J. *Rural life.* (New York: Century Co. 1918. Pp. xvii, 386.)
- GHAMBASHIDZE, D. *The mineral resources of Georgia and Caucasia.* (London: Allen & Unwin. 1919. 8s. 6d.)
- HOLMES, G. *Wool: production, foreign trade, supply, and consumption.* Separate from Yearbook of the Department of Agriculture, 1917, no. 751. (Washington: Supt. Docs. 1919. Pp. 26.)
- KERR, W. H. *Farmers' union and federation advocate and guide; one hundred reasons why farmers should unionize.* (Great Bend, Kans.: The author. 1919. Pp. 172.)
- LEVERETT, F. and SARDESON, F. W. *Surface formations and agricultural conditions of the south half of Minnesota.* (Minneapolis: Minnesota Geological Survey, University of Minnesota. 1919. Pp. 147.)
- LIDGETT, A. *Petroleum.* Pitman's common commodities and industries series. (London: Pitman. 1919. Pp. 176. 2s. 6d.)
- LINDGREN, W. *Mineral deposits.* Second edition revised and enlarged. (New York: McGraw-Hill. 1919. Pp. 957. \$5.)

- MACKENZIE, K. J. J. *Cattle and the production of beef in England*. (London: Cambridge University Press. 1919.)
- NORTHROP, J. D. *Petroleum in 1917*. United States Geological Survey, Mineral resources of the United States, 1917, pt. 2, no. 31. (Washington: Supt. Docs. 1919. Pp. 6, 683, 901.)
- ORR, J. *Agriculture in Berkshire*. (Oxford, Eng.: Clarendon Press. 1918. Pp. 208.)
- PECK, F. W. *The cost of producing Minnesota field crops, 1913-1917*. (Minneapolis: Agricultural Experiment Station. 1918. Pp. 42.)
- STEBBINS, E. P. *Commercial forestry in Britain: its decline and revival*. (London: Murray. 1919. 6s.)
- SWEM, E. G. *An analysis of Ruffin's "Farmers' Register" with a bibliography of Edmund Ruffin*. Bulletin, vol. XI, nos. 3, 4. (Richmond, Va.: State Library. 1919. Pp. 144.)
Contains a bibliographical index of articles in the *Farmers' Register*, published 1833-1842.
- WEBSTER, A. D. *National afforestation*. (London: Allen & Unwin. 1919. 6s.)
- WEIGALL, A. G. and WREY, C. *A large state farm. A business and educational undertaking*. (London: Murray. 1919. 2s. 6d.)
- WHITE, J. *Conservation in 1918*. Reprinted from the *Tenth Annual Report of the Commission of Conservation*. (Ottawa: Commission of Conservation. 1919. Pp. 88.)
- WIBBERLEY, T. *Wartime farming*. (London: C. Arthur Pearson. 1918. Pp. 47.)
- WOOD, G. M., compiler. *Our mineral supplies. Bibliography*. United States Geological Survey bulletin 666-GG. (Washington: Supt. Docs. 1919. Pp. 58.)
- Agricultural statistics of Ireland with detailed report for the year 1916*. (Dublin: His Majesty's Stationery Office. 1919. 9d.)
- Annual report on the mineral production of Canada during the calendar year 1917*. (Ottawa: Dept. Mines, Mines Branch. 1919. Pp. 258.)
- Coal mines. Reports, second stage*. (London: Coal Industry Commission. 1919. 11d.)
- International yearbook of agricultural legislation*. (Rome: Intern. Inst. Agri. 1918. Pp. lxxiv, 1220.)
Gives laws and decrees of 1917.
- Production of meat in the United States and its distribution during the war*. (Washington: U. S. Food Administration, Statistical Division. 1919. Pp. 85.)
- A report on large landholdings in Southern California*. (San Fran-

cisco: California Commission of Immigration and Housing. 1919. Pp. 48.)

Report on wages and conditions of employment in agriculture. Vol. I, General report. (London: Board of Agriculture and Fisheries. 1919. Pp. 202. 1s. 9d.)

Seventh annual report of the Conservation Commission of the state of New York. (Albany. 1919. Pp. 356.)

Statistics relative to the dairy industry in New York state. Bulletin 118. (Albany: Dept. of Farms and Markets. 1919. Pp. 82.)

Wages and conditions of employment in agriculture. (London: Board of Agriculture and Fisheries. 1919. Pp. 202.)

One wishing information on English agriculture could hardly hope for a more useful volume than this. Although devoted mainly to the questions of wages and employment, the first chapter gives a sketch of the land tenure situation together with the numbers of the principal kinds of livestock kept. These facts are presented in order to show the relation of the agricultural situation to the farm labor problem.

The supply of labor relates itself closely to the relative attractiveness of city and country life and employment. Illuminating figures are given showing to what extent people have left, and are leaving, the country districts. Explanations of the changes are offered. Chief among these are the use of more machines, the apparent higher wages in cities, the shorter and more regular hours of city labor, the increase in grazing, and the increase in size of farms. It is claimed that the decline in agricultural production has been slight.

An interesting discussion is given on the conditions of employment. This includes an outline of the duties of different classes of laborers, samples of the contracts and agreements, regularity of employment, and so on. It appears that the hours while considered long in England are distinctly shorter than on American farms.

Wages have responded to the general increase of prices, yet not in the same degree. Wages rose something like 60 to 75 per cent, while wheat, barley, and oats rose approximately 125 per cent in value during the first three years of the war.

The housing situation is presented in considerable detail, and the relation of employers and employees brings up the question of allotment and small holdings. The allotment is spoken of in commendatory terms. The small holdings receive doubtful praise, but their possibilities socially are noted.

There is an admission that farming profits have increased since the beginning of the war but it is held that they were too low previously. A tariff is suggested as a means of maintaining prices.

B. H. HIBBARD.

Manufacturing Industries

NEW BOOKS

- BROWN, N. C.** *Forest products: their manufacture and use.* (New York: Wiley. 1919. Pp. xix, 471. \$3.75.)
- CALVERT, A. F.** *Salt and salt industry.* Pitman's common commodities of commerce. (New York: Pitman. 1919. Pp. 151. \$1.)
- RAWLLEY, T. C.** *The silk industry and trade.* (London: King. 1919. Pp. 188. 10s. 6d.)
- Directory of the chemical industries in Canada as to date January 1, 1919.* (Ottawa: Dominion Bureau of Statistics. 1919. Pp. 68.)
- The Schneider works in France.* (Paris and New York: Schneider & Cie. 1919. Pp. 64.)
- Statement of the effect of war conditions on the farm operating equipment industry, presented to D. F. Houston, by the Farm Implements Committee representing the industry.* (Chicago: National Implement and Vehicle Association, 76 Monroe St. 1918. Pp. 11.)

Transportation and Communication

NEW BOOKS

- ABBOT, W. J.** *The story of our merchant marine; its period of glory, its prolonged decadence, and its vigorous revival as the result of the world war.* (New York: Dodd, Mead. 1919. Pp. 373. \$2.50.)
- BARNES, H. C.** *Traffic law service on the federal regulation of interstate commerce and common carriers, including jurisdiction of the Interstate Commerce Commission.* (Chicago: Traffic Law Service Corporation. 1919.)
- BENEDICT, B.** *The express companies of the United States. A study of a public utility.* (New York: Intercollegiate Socialist Society. 1919.)

Fundamentally and primarily the monograph is a protest against the laissez faire policy—the absolute and uncontrolled freedom of private enterprise—and is a plea for the governmental ownership of the express service, on the grounds of economy and political expediency—economy, because of the savings arising from extension of the express facilities, and from consolidation of equipment, agencies, personnel, and offices, with their accompanying rate reductions; expediency, because to quote the author, “a government express service can help in no small degree, both in itself and as a sharer in the entire general urge towards a democratically-socialized state, to preserve and even to invigorate” not only the national, but also the individual morale.

The Intercollegiate Socialist Society plans a series of monographs on the various phases of public ownership and democratic management.

J. H. P.

CLARK, E. E. *Clark on interstate commerce; testimony given before the Senate Committee on Interstate Commerce.* (Washington: John Byrne & Co., 715 14th St., N. W. 1919. \$3.)

CLOAREC, P. *La renaissance de notre marine marchande.* (Paris: Plon-Nourrit. 1919. Pp. 236. 3.50 fr.)

COLLINS, J. H. *Motor transportation for rural districts.* United States Department of Agriculture bulletin 770. (Washington: Supt. Docs. 1919. Pp. 32.)

COLLINS, N. *Opportunities in merchant ships.* Opportunity books. (New York: Harper. 1919. Pp. 96. 75c.)

CUMMINS, A. B. *The railroad problem.* (Washington: Supt. Docs. 1919. Pp. 12.)

FINN, L. B. *Why private ownership of railroads cannot meet the demands of the public in matters of transportation.* (Frankfort, Ky.: Railroad Commission. 1919. Pp. 64.)

JOHNSON, E. R. *Ocean rates and terminal charges.* (Washington: U. S. Shipping Board. 1919. Pp. 84.)

In order to secure data upon which to base dealings in freight and cargo space, the United States Shipping Board requested the Director of Planning and Statistics to investigate the subject of ocean rates. The report as made by Professor Johnson takes up, first, requisition rates and the statistical study of ocean charter and freight rates upon selected commodities upon the different trade routes. The remainder of the text is devoted mainly to the powers and duties of the Shipping Board with respect to ocean rates and terminal charges. Much of the material collected is given in the appendices.

Professor Johnson, at the conclusion of his study, recommends a continuance of rate control until the shortage of shipping tonnage has been overcome, advising also the supervision of terminals and the regulation of terminal services and charges. H. R. T.

LOVETT, R. S. *Comments on the railroad problem.* (New York: Union Pacific System. 1919. Pp. 76.)

MORAWETZ, V. *The railway problem. A plan for its solution.* (New York: The author, 44 Wall St. 1919.)

Mr. Morawetz proposes the consolidation of existing railway companies into ten to fifteen systems, each owning and operating a strong and well balanced railway network; the restoration of railway credit through definite governmental assurance of certain minimum returns upon railway property; finally, future regulation of the railways in such manner as to protect the interests of both the public and the security holders.

The basis of the proposed consolidation is the apportionment to each constituent company of an amount of stock, or of stock and bonds, of the consolidated company proportionate to the estimated operating income which the company would contribute to the consolidation.

A Federal Railway Board similar in its constitution to the Federal Reserve Board would be created by act of Congress, with necessary powers to carry the plan into effect. This Board, with the officials of the various railways, would determine the grouping of the railways into consolidated companies, work out plans for the transfer of stock and bonds, and have general charge of details of the actual consolidation.

A feature of the plan is that the capitalization of each consolidated company would not be fixed by a physical valuation of its properties, but rather would be determined by the annual dividend and interest charges. That is, there would be authorized an amount of bonds upon which the aggregate annual interest charge would be some specified per cent (60 per cent is suggested) of the fair return upon the properties of the company, and an amount of stock upon which the remainder of such fair return would suffice to pay annual dividends at a prescribed rate.

The average operating income of the three test years established by the Federal Control act, subject to adjustment in the light of all conditions affecting the operations of the companies, would be deemed a fair return on the properties of the respective railway companies, at least until the official valuation of the railways and the proper rates of return thereon had been settled.

The Interstate Commerce Commission would fix freight and passenger rates in such manner as to enable railways to earn the fair return, and in case of the failure of any company to earn the interest on its bonds, the government would advance the amount of the deficiency, the advance to be repaid out of future earnings after payment of cumulative dividends. The government would share with the stockholders in any distribution of surplus income after payment of all its advances and such dividends.

The Federal Railway Board would exercise broad supervisory powers over the consolidated railway companies and over the whole system of regulation, even to the extent of appointing one third of the board of directors of each company.

Readers may obtain copies of this pamphlet upon application to Mr. Victor Morawetz, 44 Wall Street, New York City.

PHILIP G. OTTERBACK.

PAINE, R. D. *The old merchant marine: a chronicle of American ships and sailors.* Chronicles of America series, vol. XXXVI. (New Haven: Yale Univ. Press. 1919. Pp. x, 214.)

PIERSON, L. E. *What is wrong with the electric railways?* (New York: Irving National Bank. 1919. Pp. 20.)

RUGGLES, C. O. *Terminal charges at United States ports.* (Washington: U. S. Shipping Board. 1919. Pp. 181.)

Terminal charges are here classified into two groups—charges against the vessel and charges against the cargo. Each group of charges is taken up with its subdivisions; comparisons are made be-

tween charges at different ports and at different times. Part I, constituting a general report, is an analysis of charges at different ports, the advance in port charges during the war, and the consequences of present policies concerning port charges and services. As a conclusion, Dr. Ruggles recommends the government supervision or control of port facilities in order to avoid the evils which have arisen under private ownership and monopolization. Specifically, he recommends a Bureau of Port Terminal Charges and Services to be established by the United States Shipping Board to make a comprehensive study and tabulation of data, so that the Shipping Board and Interstate Commerce Commission may take intelligent action at any time in coöperation with local port authorities for the solution of port terminal problems. Part II contains much of the material upon which the general report is based, giving description of terminal facilities and port charges in the principal ports as well as some of the less important ports. The report presents a welcome and able study of a subject which has important bearing upon the development of our foreign trade.

H. R. T.

WANG, C. C. *Legislative regulation of railway finance in England*. University of Illinois studies in the social sciences, vol. VII, nos. 1 and 2. (Urbana: Univ. Illinois, 1918. Pp. 196. \$1.50.)

The author of this work, who was for some time honorary fellow in economics at the University of Illinois, and is now director of the Kin-Han Railway, China, approaches his subject from the historical standpoint and has done a meritorious piece of work in showing the line of advance in regulating the various phases of railway finance. The mention of the consecutive chapter headings will sufficiently indicate the contents and the breadth of view taken in the consideration of this field: General Legislation on Railway Finance; Legislative Supervision of Capitalization, A. Share Capital, B. Loan Capital; Control of the Borrowing Powers of Railway Companies; Registration of Railway Securities; Regulation of Railway Stock Watering; Regulation of Railway Accounts; State Auditing and Inspection.

The purpose of the study is "to find out what rules the English Parliament has adopted from time to time for the regulation of railway finance, and to ascertain, as far as possible, why these rules were adopted, how they have been applied, and to what results they have led." We see here the background of many of the pressing problems of the present day, and the reasons why certain kinds of securities have emerged from the tentative and experimental stages with more favor than others. Full consideration is given to the methods employed by the Parliament to throw around railway securities the greatest measure of safety, so that the railway authorities might not be induced to issue securities of doubtful value, so that the owners of the railways might be protected against unscrupulous manipulators either in the directorate or officers, and that the

public whose funds were and are the means by which the railways secure the necessary capital for construction and operation might be safeguarded in their legitimate investments. This is a good study in "safety first" as applied to the financial obligations of railways and the threefold relation of company, stockholder, and creditor. The constant desire to make railway investments safe for the investors and to interfere as little as possible with the railway management seems to have caused Parliament to adopt its unique system of regulation of railway finance which appears to differ from that of every other country. The changes in legislation are fully detailed, with careful reasons why the successive alterations and adjustments to developing conditions were necessary; in fact, we seem to be following with the author the gradual growth of the best public sentiment from earlier to later days along the several lines he discusses.

The reviewer has covered this field very carefully in the original documents and contemporary literature and he can find only two or three misstatements of fact, which are relatively insignificant when placed alongside the merits of this work. The defects arise not from the substance but from the forms of expression. There is considerable reiteration of statement and unfortunate sentence construction, but these we gladly dismiss with the mere mention of them; they are incidental to the author's nationality, and are largely lost from sight in the interesting and faithful presentation of the results of an important piece of research. A short bibliography and a good index complete the work.

W. T. JACKMAN.

British aircraft industry; its industrial and commercial potentialities. (New York: Doran. 1919. Pp. 305. \$2.)

The earning power of railroads, 1918-1919. (New York: Oliphant & Co. 1919. Pp. 422.)

Fiftieth annual list of merchant vessels of the United States; for the year ending June 30, 1918. Bureau of Navigation. (Washington: Supt. Docs. 1919. \$1.25.)

Government versus private railroads. Journal of the National Institute of Social Sciences. (Boston: F. W. Faxon Co. 1919. Pp. 247. \$2.)

Program of railroad legislation. (Washington: National Transportation Conference, Richard Waterman, Sec'y, Mills Bldg. 1919. Pp. 96.)

Railway stockholders December 31, 1917. (Washington: Bureau of Railway Economics. 1919. Pp. 13.)

The verdict of public opinion on the railroad question. (New York: Assoc. Railway Executives, 61 Broadway. 1919. Pp. 32.)

Trade, Commerce, and Commercial Crises

Commercial Policy in War Time and After. A Study of the Application of Democratic Ideas to International Commercial Relations. By WILLIAM SMITH CULBERTSON. With an introduction by HENRY C. EMERY. (New York: D. Appleton and Company. 1919. Pp. xxiv, 479. \$2.50.)

This book is one of the earliest to appear in a new and extensive series on Problems of War and Reconstruction whose general aim is to form "a comprehensive and systematic history of the war effort of the United States." The author of the volume before us had for his task the treatment of one of the most important as well as most intricate aspects of the general field to be covered by the series. He has undertaken to discuss the permanent rather than the temporary industrial and commercial changes brought about by the war, and the problems of commercial policy, national and international, which, both in the immediate and the remote future, are likely to be in the foreground for consideration. Whether or not one may wish to subscribe to Mr. Culbertson's main conclusions, there will be rather general agreement among his readers that his task has been ably performed. The field has been broadly and comprehensively surveyed; much food for thought bearing upon the intricate problems of reconstruction has been submitted; but, as is usually the case with questions involving the tariff and commercial policy in general, there is ample ground for controversy.

The main part of the book is divided into three sections; in addition there are nearly 100 pages of appendices. Part I, covering 100 pages, is entitled War's Effect on Industry. After showing the bearings of commercial policy upon the general problems of reconstruction, there are considered the effect of the war in diversifying American industry; the chemical industries under conditions of blockade and embargo, and under the war demand; the expansion of American industries in the wake of war; and the effect of the war on industries abroad. In all probability there are few American writers who have at their command as much valuable information as has Mr. Culbertson on the war's effect on industry. Consequently, as might be expected, this part of the book abounds in valuable information regarding the development of the world's industrial life, and the industrial and commercial readjustments undergone, during the years that the war was in progress.

The second part of the volume, covering upwards of 100 pages, is entitled *American Commercial Policies*. Here are considered questions concerning the tariff, anti-dumping legislation, export trade and its promotion, bargaining tariffs to prevent discriminations, and national control of American commercial activities abroad. At the outset attention is directed to a topic which in recent years has been much talked of in connection with the tariff, *viz.*, the equalization of conditions of competition. The world of industry in 1919 is different from that of 1913 and, as was pointed out in part I, the war has changed materially the relative competitive positions of the leading commercial nations. The currents of competition having thus been modified, the writer observes:

It becomes desirable for the American nation to consider again whether those industries necessary to the country's welfare are competing on a fair and equitable basis. The policy of equalizing conditions of competition with a fair margin does not require that all industries that individuals may wish to start in the United States should receive protection. To take an extreme case, it would not be sound policy to attempt to encourage coffee production in the United States by means of a tariff that would equalize the conditions of competition between the United States and Brazil. The natural advantages of Brazil are too great. The guiding purpose in tariff making should be the nation's welfare. Whether conditions of competition should be equalized or not in a given industry depends upon many factors, both political and economic. The framing of tariffs is fundamentally a matter not of statistics or accounting, but of judgment, common-sense, and national policy.

There is here left little doubt as to the author's position on the American tariff.

But, it is contended, a tariff that equalizes the normal permanent differences in conditions of competition between the United States and foreign countries does not suffice in matters of commercial policy. "In addition to a tariff law that will place our industries on an equality with their foreign competitors, we need trade defenses that will keep them there." It is in this connection that anti-dumping legislation comes in for consideration. Certain modifications and extensions of the American legislation of 1916 are proposed.

With reference to American commercial activities abroad, some degree of regulation and control is advocated. This should be exercised with a view to preventing our foreign commercial interests involving us in strife with other peoples. The general principle

advocated is "the extension of the same regulatory control to American business abroad as it submits to at home." The justification of such positive action rests, in part, on the fact that, under present-day conditions, unregulated business interests are likely, sooner or later, to involve the interests of the nation as a whole.

The third part of the volume, embracing 140 pages, bears the title, *World Commercial Policies*. There is little doubt that this will be regarded rather generally as the most interesting part of the book, the part which contributes most toward the problems of reconstruction, and the part over which there will be the greatest difference of opinion. The subject of the opening chapter is *Where National Control Breaks Down*, and it is here that we find Mr. Culbertson entering at once upon a constructive program of international control of the larger problems of commercial policy. Just as there are problems of commercial policy to be handled by the individual nations themselves to preserve their essential national interests, so there are today at the same time still larger problems which are truly international. The latter, it is contended, cannot be handled adequately by separate nations but require collective effort for their best solution. Such worldwide economic problems, the writer urges, should be in the hands of an international body which would view them not from the standpoint of the individual nation but from the world point of view. In the words of the writer:

A certain amount of independence of action must be surrendered by individual nations in order that these problems, which are worldwide and which no one nation in and of itself can solve, may be considered by an international organization looking at them from the world point of view. The economic life of the world has in many ways burst the confines of the individual state. In so far as it has, it is without a coextensive control. Nations have merely accentuated the fierceness of individual competition in world trade and financing. To uncontrolled individualism has been added an uncontrolled nationalism. This situation points conclusively to the necessity for an international organization vested, even if in the most rudimentary form, with the essential elements of government.

In this connection it is proposed that the nations should agree among themselves to eliminate unfair practices and discriminations from international commerce, and create one or more commissions under the League of Nations with power to investigate and give publicity to infringements of the international rules of commerce agreed to. The establishment of such a commission or

commissions on the part of the nations, it is argued, would not necessitate their relinquishing anything that the interests of the world would warrant them in keeping.

AVARD L. BISHOP.

Yale University.

Principles of Foreign Trade. By NORBERT SAVAY. (New York: Ronald Press Company. 1919. Pp. xx, 495. \$4.)

The widespread interest in foreign trade during the past five years has called forth a volume of publication upon the subject, a large proportion of which has been of a propagandist nature. While extensive treatises upon the purposes and practice of foreign trade are to be found in German and French, they are often not available and more often not utilized. Giving due credit to the volume by Hough upon the technique of foreign trade and other specialized works upon foreign exchange and marine insurance, there is much to be desired in the treatment of the structure and functions of the foreign trade organization.

The work by Savay contains forty-four chapters which average less than ten pages. They are grouped into five parts. The first deals with general considerations; the second with the machinery of foreign trade; the third with the operation of a foreign trade organization; the fourth with the technique of foreign trade; and the last with trade regulations. The discussion of such topics as opportunities of foreign trade, foreign trade strategy and its essentials, the psychology of the foreign market, the best markets for the American exporters, and the commercial policies of the World Powers is taken up under general considerations. In dealing with the marketing system of foreign trade, the exporter and his staff, the importer, foreign trade organization, export organization and combinations come in for their share of attention. But here, as elsewhere, the treatment is inadequate. Furthermore, inaccuracy or failure to recognize the full complexity of marketing systems is to be charged against the writer. For instance, the diagram and statement concerning the domestic trade channels on page 55 is neither accurate nor complete. The usual position of the commission men or selling agents between wholesaler and manufacturer is not indicated. In diagrammatic expositions of foreign trade organization (p. 56), the implied statements may be correct for a limited class of products, such agricultural products as wheat and cotton in the export trade; but the organization is

not the same for manufactured products either when exported directly or indirectly.

Part three, Operating a Foreign Trade Organization, is concerned with the development of the foreign market, preparation of foreign sales plans, selection of men for foreign service, and selling methods in foreign trade. The technique of foreign trade constitutes part four, in which details of shipment, custom house procedure, insurance, and finance are taken up. Trade regulations, a brief resumé of prevailing regulations concerning commercial travelers, consular and shipping requirements, and credit customs conclude the work.

In the opinion of the reviewer, *Principles of Foreign Trade* is open to criticism on the grounds of superficiality and lack of logical arrangement and analysis. The scope of the work is so wide that in the great range of topics covered in the first 300 pages few can be more than merely touched upon. It is obviously impossible, however, to judge a single-volume work covering such a field from the viewpoint of completeness and thoroughness; it would seem that logical expositions and judicious selection of material would be a fairer basis. The characterization of capital, information, method of distribution, organization, terms of selling, and general export policies as the six fundamentals in foreign trade may not be typical of the author's logic, but a little reflection will show the futility of such classification. The sequence of topics in part two illustrates both departure from logical arrangement and inadequate treatment. To devote nearly a quarter of the book to trade regulations, giving chiefly legal details of the requirements of various countries as to samples and salesmen, consular and shipping requirements, seems to be inconsistent in a work which is not a technical manual for the exporter. The rate at which such material becomes antiquated renders its inclusion in any work merely illustrative of the type of such regulations, which purpose could be attained in very much shorter space. It seems that the author has not had a broad view of the field of international trade. He neither correlates his facts nor arranges them properly, because he has not visualized the structure of the foreign trade organization as an organic whole.

HARRY R. TOSDAL.

Boston University,

College of Business Administration.

NEW BOOKS

BENNETT, R. H. *The principles of trade coöperation*. (San Francisco: The Trade-Letter, 216 Market St. 1918. Pp. 107. \$2.)

CLERGET, P. *Manuel d'économie commerciale*. New edition, revised. (Paris: Colin. 1919. Pp. 374. 5 fr.)

DUPRÉ, F.-J. *Notre commerce extérieur et le Canada*. (Paris: Michaud. 1919. 3.50 fr.)

FILSINGER, E. B. *Exporting to Latin America; a handbook for merchants, manufacturers and exporters*. (New York: Appleton. 1919. Pp. 565. \$3.25.)

GOLDSTEIN, J. M. *America's opportunities for trade and investment in Russia*. (New York: Russian Information Bureau, Woolworth Bldg. 1919. Pp. 13.)

Dr. Goldstein, a professor of political economy at the University of Moscow, in this article reprinted from the *New York Times* aims to show that Russia's markets have in the past been dominated by Germany and that unless America and the Allies coöperate closely, German domination will again characterize Russian commerce. By statistical tables and graphs are shown the progressive increase of imports from Germany since 1896 and the corresponding decrease of imports from other countries. On the basis of price levels now prevailing in Russia and the vast need for commodities, the author asserts that there is a very great opportunity for American trade in Russia.

H. R. T.

LABRY, R. *Le commerce des soies de porc en Russie*. (Paris: Ficker. 1919. 1 fr.)

MOHUN, B. *The Federal Trade Commission law, the Clayton anti-trust law, the Webb export law, and rules of practice before the Federal Trade Commission*. (Washington: B. S. Adams. 1919. Pp. 41.)

MOORE, J. T. M. *American business in world markets*. (New York: Doran. 1919. Pp. xi, 320. \$2.)

The subtitle, "Our opportunities and obligations in securing export trade; the plans and purposes of other nations," approaches more nearly a correct description of the scope of the book. The first hundred pages, called America's New Economic Status, comprise twelve chapters upon more or less related or unrelated topics indicated by chapter headings: The Business Man's Era, Congress of Business Men, The Right of Combination, Industrial Lessons of the War, Influences against Bolshevism, The Doctrines of Americanism. Part II, The Scientific Method in Commerce, is devoted almost wholly to a description of various aspects of German organization which had to do with foreign trade, cartels, banking sys-

tems, espionage, and propaganda. This is followed by a description of the plans of various nations bearing upon reconstruction of industry and reëtrance into foreign competition. In a short concluding section, development of the home market is urged as an alternative for the foreign market. The material is selected and the work is written so as to appeal to popular taste.

HARRY R. TOSDAL.

O'REILLY, G. A. *Wanted: American spirit in our foreign trade.* (New York: Irving National Bank. 1919. Pp. 23.)

PEPPER, C. M. *American foreign trade. The United States as a world power in the new era of international commerce.* (New York: Century Co. 1919. Pp. ix, 350. \$2.50.)

TORCHIANA, H. A. W. VAN C. *The future of trade between the United States of America and the Netherlands and its colonies.* Third edition. (San Francisco: Holland-American Chamber of Commerce, Russ Bldg. 1919. Pp. 49.)

Annual report of the trade of Canada. Imports for consumption and exports. Compiled from records supplied by the Department of Customs, fiscal year ended March 31, 1918. (Ottawa: Bureau of Statistics. 1919. Pp. 1052. 70c.)

American goods and foreign markets. (New York: Guaranty Trust Co. 1919. Pp. 7.)

The country grain dealer and federal grain supervision. Bureau of Markets. (Washington: Supt. Docs. 1919. Pp. 21.)

Foreign trade thought of 1919. Summary of convention committee's report and excerpts from addresses at the sixth national foreign trade convention, Chicago, April, 1919. (New York: Irving National Bank. 1919. Pp. 85.)

A handbook of finance and trade with South America. (New York: National City Bank. 1919. Pp. 51.)

Operations of the Federal Trade Commission. (New York: Secretary's Office, 30 Church St. 1919. Pp. 128.)

Statistics of German trade 1909-1913. United States Bureau of Foreign and Domestic Commerce, Miscellaneous series 75. (Washington: Supt. Docs. 1918. Pp. 71.)

Suggestions to exporters; a formulary of foreign freight forwarding. Second edition. (Chicago: Trans-Continental Freight Company, 203 S. Dearborn St. 1919. Pp. 203.)

Trade thought of the two Americas in 1919. Significant viewpoints expressed in addresses made at the second Pan American commercial conference, Washington, June, 1919. (New York: Irving National Bank. 1919. Pp. 95.)

Accounting, Business Methods, Investments, and the Exchanges

Employment Psychology. HENRY C. LINK. (New York: The Macmillan Company. 1919. Pp. 440. \$2.50.)

"The future of psychology is so promising that ambitious promoters have already begun to capitalize it. There exists even now a large body of pseudo-psychological doctrine and literature which bears the same relation to psychology that nostrums bear to medicine. . . . The chief sign by which these quack psychological remedies may be recognized is that they uniformly promise a remedy which is speedy, infallible, and ready for instantaneous application." Thus Dr. Link recognizes the dangers of the recent popularization of psychology—dangers alike from imprudent zealots and impudent charlatans.

His book, exceptionally conservative in statement, sanely outlines the problems, material, and procedure of the employment psychologist, and describes with gratifying adequacy a number of employment experiments. His chapters on the scope of psychological tests, a scientific admission—or rather warning—of the limitations of the applied psychologist, exempt him from any accusation of hasty enthusiasm. Indeed, the book is thoroughly scientific in every detail: instead of *a priori* assumptions there is a tentative analysis; instead of the magic of a mystic psychology there is the experimental laboratory of trial and error; and instead of glowing subjective generalities there is an open statement of objective fact and correlation. Nor is the book a statistical catalogue or inventory of psychological tools. It retains the interest and attention by a happy admixture of facts and figures, description, and personal experience.

After displacing a somewhat popular notion that psychology is mind reading or an abstruse plunge into metaphysics with the scientific concept of psychology as the science of behavior, the author outlines the initial problem for the employment psychologist: (1) to get a general survey of the types of work in a given factory; (2) to make an intensive study of one or two operations; (3) to obtain, as experimental material, a large number of workers of the same kind; and (4) to work out tests for the most simple (and therefore most standardized) work. These four steps he proceeds to illustrate and amplify, as to both material and method, by use of concrete experiences of his own in the industrial field.

Although the book deals essentially with the problem of the selection of employees, Dr. Link does not neglect the fact that "to-day the training of new employees, keeping accurate records of their activities, transferring them when advisable, and devising methods of promotion, are all phases of the employment problem."

Dr. Link recognizes as well that the cognitive abilities are not the sum total of employment qualifications: that, on the one hand, there are required certain physical and psychophysical abilities, such as eyesight and hearing, visual and auditory perception and discrimination, motor accuracy and steadiness; and, on the other hand, many moral and emotional qualities, among them ambition, reliability, punctuality, honesty, loyalty, and tact. The admission that psychology has as yet devised no satisfactory test for these latter more protean characteristics is in no sense a confession of weakness, but, rather, a candid appreciation of the magnitude of a complete industrial measurement.

Perhaps hardly second to its admirable saneness and conservativeness is the practicability of this book. In addition to a complete description of tests and test procedure, there is valuable material on the technique of interviews, job analysis, personnel cards, the function of vestibule (or preliminary training) schools, the problem of defectives and illiterates, and the measurement of productiveness. An appendix of mental tests is consistent with the author's candor and completeness of presentation.

One criticism, in reference to the rather small number of subjects in the cases cited, is in part discounted, as Dr. Link implies, by the careful classification of employees and the large number of cross-correlations.

Dr. Link's *Employment Psychology* is rather alone in an important field. Both Gilbreth's *Psychology of Management* and Taylor's *Scientific Principles of Management* deal with the psychophysical problems of monotony, rhythm, fatigue, rest periods, and motion study; and Munsterberg's *Psychology and Industrial Efficiency* lacks the careful, intricate study and the complete, lucid practicability of this new book.

Psychology will be of increasing usefulness in its industrial applications despite its newness in applied fields. The employer who is sincerely progressive in his desire for human efficiency and industrial advance will at least take Dr. Link's book in attentive and thoughtful consultation.

CHARLES LEONARD STONE.

Dartmouth College.

NEW BOOKS

- ANSON, W. R. *Principles of the law of contract with a chapter on the law of agency*. Fourteenth English edition. Third American edition. Edited with American notes by A. L. CORBIN. (New York: Oxford Univ. Press. 1919. Pp. 568. \$4.)
- ATWOOD, A. W. *Putnam's investment handbook. A stimulus and a guide to financial independence*. (New York: Putnams. 1919. Pp. 375. \$1.85.)
- BENDER, G. DE W., compiler. *Accounting and business secrets; a ready reference book of accounting principles*. (Seattle, Wash.: The author. 1919. Pp. 64. \$3.)
- BEXELL, J. A. *First lessons in business*. (Philadelphia: Lippincott. 1919. 68c.)
- CLEARY, P. R. *How to figure profit; a comprehensive reference book for business men, teachers, and students*. (Ypsilanti, Mich.: P. R. Cleary Co., Dept. A. 1918. Pp. 265. \$1.90.)
- DALE, S. S. *Cost finding in woolen and worsted mills*. (Boston: Textiles. 1918. Pp. 49.)
- DRURY, H. B. *Scientific management; a history and criticism*. Second edition, revised. Columbia University studies in history, economics, and public law, vol. LXV, no. 2. (New York: Longmans. Pp. 251.)
- GANTT, H. L. *Organizing for work*. (New York: Harcourt, Brace and Howe, 1 West 47th St. 1919. Pp. 118. \$1.25.)
- GARDNER, E. H. *New collection methods. How to clean up your troublesome accounts*. (New York: Ronald. 1919. Pp. 467. \$4.)
- GILBRETH, L. M. *The psychology of management. The function of the mind in determining, teaching, and installing methods of least waste*. (New York: Sturgis & Walton. 1918. Pp. 344. \$2.)
- The structure of scientific management is separated into nine divisions, of which functionalization, standardization, and incentives are characteristic examples. Each of these subjects forms the basis for a chapter in which activities under traditional, transitory, and scientific management are compared, after which the psychological aspects of each principle are considered. The treatment is largely descriptive of the conceptions and methods of procedure of scientific management, its points of variance, and superiority over previous methods of administration. A more fitting title would have been, "Traditional, Transitory, and Scientific Management." E. H. S.
- GOWIN, E. B. *Developing executive ability*. (New York: Ronald. 1919. Pp. xxiv, 486. \$3.)

Designed primarily for the young executive, the book brings a wealth of ideas before him, which only await application that they may yield him a goodly return in economies of time, energy, and

money. It is an inspirational compilation of ideas and suggestions toward the upbuilding of physical and intellectual resources and establishment of habits of work and thought.

The introduction, stressing the opportunities awaiting the executive, and the need of a definite program of advancement, provides the incentive for careful study of which the book is worthy. The succeeding chapters are grouped into five divisions, dealing with the systematizing, dispatching and control of work, development of mental power, personal "dynamics," finance, and leadership, closing with a short bibliography of pertinent books for the business man.

E. H. S.

GRIFFIN, A. B. *Digest of the bankruptcy decisions under the national bankruptcy act of 1898 reported in the American bankruptcy reports.* Vols. 36 to 42, inclusive. (Albany, N. Y.: Matthew Bender & Co. 1919. Pp. lix, 594.)

JENKINSON, M. W. *The workers' interest in costing.* (London: Gee. 1919. Pp. 27.)

KESTER, R. B. *Accounting: theory and practice.* (New York: Ronald. 1918. Pp. xxiv, 607. \$2.50.)

The volume is intended for first year college students in accounting and "gives the scope of accounting offered in the first year of the School of Business of Columbia University," where the author is an instructor. It aims to provide that minimum of accounting which the author rightly regards as of equal importance with the minimum of economics in the education of business or professional men.

With this approach it is logical to present the *results* of accounting before the methods. Hence balance sheets and profit and loss statements precede double entry and similar technical details. The author says in the introduction: "The student is taught to analyze business facts and conditions from the very beginning. He is then led, step by step, through the use of non-technical terms, into the ledger, where he sees the way in which the data which he has been using are summarized. . . . Instead of laboring through many 'simple' transactions and spending much duplicated effort, he is taught fundamental principles and their application right from the beginning, after which these principles are correlated and tied up in a complete whole. The process may be somewhat discouraging to the student at times and he may ask for a simpler diet, but in the end he has a surer and more fundamental grasp of the subject than could have been obtained otherwise in the same time."

The book is readable and interesting. It reflects a firm grasp on the subject, especially from the viewpoint of the teacher. It deals with everyday accounting needs in a practical way. In this respect and in the problems and the "long set" of practice data it reminds the reviewer of earlier bookkeeping manuals from which so many self-taught accountants graduated. This work is thoroughly modern, however.

One detail caught the reviewer's eye for an objection, namely, the author's plan for reconciling a check book with the bank statement. It ought to be stated thus:

Bank states balance	\$1,525.14
Check book balance	604.19

Difference to account for \$920.95

The book is provided with a generously subdivided table of contents, an abundant index and two appendices of review questions and problems. It is a creditable and practical result of sound preparation and good teaching experience.

Since the receipt of this volume, volume two under the same title has appeared.

CLINTON H. SCOVELL.

McKAY, C. W. *Valuing industrial properties*. (New York: Industrial Extension Institute. 1919. Pp. xvii, 501.)

MARSHALL, A. *Industry and trade: a study of industrial technique and business organization; and of their influences on the conditions of various classes and nations*. (New York: Macmillan. 1919. 18s.)

MEYER, C. A. *Mercantile credits and collections*. (New York: Macmillan. 1919. Pp. 302. \$3.50.)

NAY, F. *Railroad corporate accounting during federal control*. (Washington: Supt. Docs. 1919. Pp. 22.)

NORTON, H. R. *A textbook on retail selling*. (Boston: Ginn. 1919. Pp. 283.)

PURINTON, E. E. *Personal efficiency in business*. (New York: R. M. McBride & Co. 1919. Pp. 341.)

RICHARDS, W. E. *Trade-marks*. (New York: The author, 277 Broadway. 1919. Pp. 32.)

RITTENHOUSE, C. F. *Accounting theory and practice*. Unit 1. (New York: McGraw-Hill. \$3.)

RUSSELL, T. *Commercial advertising*. London School of Economics studies in economics and political science, no. 58. (New York: Putnams. 1919. Pp. 297.)

SULLIVAN, J. J. *Pennsylvania business law*. Fifth edition, revised. (Philadelphia: Business Law Pub. 1919. Pp. 751. \$5.)

THOMAS, A. G. *Principles of government purchasing*. (New York: Appleton. 1919. Pp. 275. \$2.25.)

Supplementing his wide experience in governmental and industrial purchasing, the author made a personal study of the systems of thirty or more large corporations and ten important municipalities; and it was upon this basis that the volume was prepared. It is the fourth of the studies of problems of public administration which have been conducted under the auspices of the Rockefeller

Foundation and published by the Institute for Government Research.

The introductory chapters discuss the basic problems of government purchasing which involve, in the main, questions of centralization and legal restrictions. Purchasing methods are dealt with in great detail providing the subject-matter for twelve chapters arranged in order of method sequence. An appendix presents, among other data, descriptions of the purchasing systems of a large industrial plant and a railroad.

The book is comprehensive and reflects the analytical powers of the author when applied to the many procedures under investigation. Its interest should lie not only with those who are concerned with government purchasing but also with similar officials in industrial work, as the principles advocated are largely founded upon industrial practice.

E. H. SCHELL.

WARBURG, P. M. *Investment of American capital abroad.* (New York: The author, 17 East 80th St. 1919. Pp. 9.)

WARBURG, P. M. *Some problems of the investment banker.* (New York: The author, 17 East 80th St. 1919. Pp. 8.)

WHITEFORD, J. F. *Factory management wastes.* (London: Nisbet, 22 Berners St. 1919. 12s. 6d.)

Acquisition and valuation of land for public purposes. Second report of the Committee on the Law and Practice relating to. (London: King. 1919. 4d.)

Catalogue of railroad mortgages. Prepared jointly by the Pliny Fisk Statistical Library of Princeton University and the Bureau of Railway Economics, Washington, D. C. (Princeton, N. J.: Pliny Fisk Statistical Library. 1919. Pp. 163. \$5.)

Cost keeping for small metal mines. Mines Bureau technical paper 223. (Washington: Supt. Docs. 1919. 10c.)

History of the war activities of the Merchants' Association of New York. (New York: The association. 1919. Pp. 48.)

Inspection rules on hardwood lumber and sales code of American Hardwood Manufacturers' Association. (Memphis, Tenn.: The association. 1919. Pp. 134.)

Manual of revenue accounting for use in offices of collectors of internal revenue. Preliminary edition. (Washington: Supt. Docs. 1919. Pp. 53.)

Real estate values in Manhattan, January 1910 to May, 1919. (New York: New York Evening Post. 1919. Pp. 242. 20c.)

Capital and Capitalistic Organization

NEW BOOKS

CARMEN, H. J. *The street surface railway franchises of New York City.* Columbia University studies in history, economics and public

- law, vol. LXXXVIII, no. 1. (New York: Longmans. 1919. Pp. 259. \$2.)
- DEWING, A. S. *The financial policy of corporations*. (New York: Ronald. 1919. Pp. xix, 316.)
- FLETCHER, W. M. *Cyclopedia of the law of private corporations*. Vols. 6, 7. (Chicago: Callaghan. 1919.)
- PARKER, J. S. *The corporation manual; statutory provisions relating to the organization, regulation and taxation of domestic business corporations, etc.* Twentieth edition. (New York: Corporation Manual Co. 1919. Pp. xiii, 2225.)
- THOMPSON, M. R. *Trust dissolution*. (Boston: Badger. 1919. Pp. 309. \$2.50.)

Labor and Labor Organizations

- Australian Social Development*. By CLARENCE H. NORTHCOTT. Columbia University Studies in History, Economics, and Public Law, vol. LXXXI, no. 2. (New York: Longmans, Green and Company. 1918. Pp. 302. \$2.50.)
- Arbitration and Wage-Fixing in Australia*. Research Report, no. 10. (Boston: National Industrial Conference Board. 1918. Pp. 52. \$1.00.)
- Living Wage (Adult Males), 1918*. Bulletin of the New South Wales Board of Trade. (Sydney: Government Printer. 1918. Pp. 121.)

Dr. Northcott, before coming to the United States was a tutor in sociology to classes of the Workers' Educational Association in Sydney, New South Wales. He was, therefore, familiar with the trend of social development in Australia and well acquainted with the working-class point of view. His studies in the School of Political Science of Columbia University have broadened his social horizon and furnished a theoretical basis for his study of Australian social development.

It is the socio-economic point of view from which this work is written. Not alone land and labor problems, which have so often been the subject of research by students who have concerned themselves with Australian affairs, are here considered. It was the author's purpose to draw a picture of the entire social development of Australia, critically to appraise the results already accomplished and to show what modifications need to be made in the mental attitude of Australians if further progress is to be achieved. The book will therefore afford a valuable basis from which the

student of Australian social legislation can proceed. It is less popular in style—though well written—and less historical than the well known *State Experiments in Australasia* by William Pember Reeves, but it is more philosophical and critical than the latter work and shows a deeper insight into Australian characteristics.

There is an excellent description of the elements which go to make up the population, which fact explains to a considerable extent the peculiar social development which has taken place. The account of the settlement of the land shows clearly the hindrance to a rapid growth of population which the land policy has offered, and Dr. Northcott appreciates thoroughly that this question of the fuller settlement of the land is the great unsolved problem of Australia today and that "a white Australia," in which he firmly believes, cannot be a permanent thing unless the Australians themselves find a solution of the difficulties of the white settlement of tropical Australia.

Industrial disputes are another obstacle to Australian progress and prosperity. Compulsory arbitration has clearly not afforded a solution, though it appears to have reduced the number of strikes; and it has, through its regulation of wages and working conditions, created a fairly high level of comfort for the working classes. Neither compulsory arbitration nor state ownership of mines, railways, and factories has increased the efficiency of the working classes and Dr. Northcott is doubtless right in holding trade union teaching largely responsible for the recent decline in production.

In the concluding chapters Dr. Northcott discusses the meaning of social efficiency, following largely Professor Giddings in his analysis, and he attempts to apply this program of social efficiency to the solution of Australia's pressing social problems.

The excellent little pamphlet on *Arbitration and Wage Fixing in Australia*, published by the National Industrial Conference Board, though published anonymously, is understood to be also the work of Dr. Northcott. In it he develops more fully the views concerning compulsory arbitration and the minimum wage which he had set forth in the work on *Australian Social Development*. Only the Victorian system of wages boards and the work of the New South Wales and the Commonwealth arbitration courts are discussed. The treatment of the system in New South Wales is of especial value to American students, since it is the only readily

accessible account of the Industrial Arbitration (Amendment) act of 1918. Statistical tables bring out clearly the disproportionate influence of the mining industry in lessening the good effects of compulsory arbitration as a promoter of industrial peace.

The author's conclusions as to the results which have been accomplished by state regulation of wages and industrial disputes are neither one-sided nor prejudiced. The principle of the living wage for all workers has been established, with a higher level for skilled workers and the possibility of bargaining to secure wages still higher. The minimum wage has not become the maximum, although the system does limit somewhat the reward for extra skill. Nominal wages have risen but effective wages have declined in Australia as elsewhere. Trade unionism and collective bargaining have become national policies. Industrial disputes have not been prevented, due largely to their prevalence in the mining industry, but their seriousness has been reduced. Finally, "public opinion in Australia considers the system effective."

The conclusion slowly reached by all New Zealand and Australian courts of arbitration that a living wage must be the foundation stone for wage awards is best known through the judgment rendered by Mr. Justice Higgins of the Commonwealth Arbitration Court in 1907 when he gave expression in the *Harvester* case to the now famous principle that the minimum wage must be determined by "the normal needs of the average employee regarded as a human being living in a civilized community." The minimum wage for unskilled laborers was then fixed at 8s. a day. Although prices were rising in Australia, as elsewhere, for years no change was made in this basic wage, for, as Mr. Justice Higgins frequently said, no evidence was offered in court to show that 8s. a day was no longer a living wage in the sense in which the arbitration court had defined that term.

In February, 1914, Mr. Justice Heydon, of the New South Wales Arbitration Court, undertook a new study of the evidence relating to the cost of living. Statistical studies made by Mr. Knibbs, commonwealth statistician, and Mr. Trivett, statistician for New South Wales, furnished material much more abundant than that available to Mr. Justice Higgins in 1907 and this statistical material was supplemented by household budgets collected by trade-union secretaries and by accounts of retail prices furnished by employers. On the basis of this evidence Mr. Justice

Heydon fixed the minimum wage in Sydney at 8s. 6d. per day for unskilled labor on light work, 8s. 9d. per day for ordinary work, and 9s. per day for heavy work. These amounts were intended to cover not only the bare necessities of life but to allow a share in the prosperity of the community. The outbreak of the war soon wrought decided changes in the cost of living and in December, 1915, the court raised the minimum rate from 8s. 6d. to 8s. 9d. per day. Again in August, 1916, the amount was raised to 9s. 3d. per day.

The New South Wales Arbitration act of 1912, as amended in 1918, made it the duty of the New South Wales Board of Trade to fix the living wage from year to year, after public inquiry. The judge of the Arbitration Court (Heydon) became the president of the Board of Trade. In September, 1918, the board, after taking evidence submitted by employers and employees and hearing the arguments of counsel on both sides, fixed the living wage for Sydney and the industrial suburbs at 10s. a day.

It is the decisions of the Arbitration Court of New South Wales and the findings of the Board of Trade, as well as the briefs submitted by counsel at the last hearing, which have been gathered together and issued as a separate bulletin under the title, *Living Wage (Adult Males)*, 1918. Taken together, they constitute one of the best studies of the minimum wage question as related to the cost of living which has appeared in print. Especially interesting are the reasons advanced by Mr. Justice Heydon for deciding that cost of living as a basis for establishing a living wage cannot, in times of war and uncertainty, be measured in the usual statistical way by taking account of changes in the index numbers showing variations in the prices of certain standard commodities. He had attempted thus to provide for changes in the minimum wage in his decision of 1914, but the war experiences soon demonstrated the impracticability of this mode of procedure at a time when the high cost of living compelled a wide use of substitutes by nearly all classes in the community.

M. B. HAMMOND.

Ohio State University.

Guild Principles in War and Peace. By S. G. HOBSON. (London: G. Bell and Sons. 1918. Pp. viii, 176. 2s. 6d.)

Curiously inadequate attention has been given in this country to the development of the national guild movement in England. This

is perhaps due to the fact that the guild idea—a frank attempt at compromise between syndicalism and state collectivism—did not begin to attract the notice of more than a limited circle of radical intellectuals until chronic industrial interest was quickened into the acute stage by the war, and industrial reconstruction gave certain promise of becoming the salient burning issue as soon as the war should come to an end.

The guild idea has been developed by Mr. A. R. Orage and colleagues in the *New Age* (founded in 1912), by Mr. G. H. D. Cole, and by the author of the little book before us. To the reader unfamiliar with the guild socialists' ideas this can be recommended as perhaps the best brief exposition of the case for national guilds. Mr. Hobson's style is free, vigorous, incisive, and not infrequently bitingly satirical. He writes with insight and something of a Ruskin-like fervor. In such a book the reader must not look for exhaustive analysis or unimpeachable logic. In a sense the book is superficial—it does not dig down and grapple seriously with logical and practical difficulties; in another sense it is far from superficial, for it is written with a depth of feeling and sincerity which suggests the presence of an intuition that may after all probe more directly to fundamentals than could any amount of formal economic logic. Especially in the emphasis of the human element as the "dominant" characteristic of labor, in the reiterated changes rung upon the thesis that labor must not be regarded as a commodity, and in his treatment of the wages system ("wagery" as he picturesquely calls it) as a great obstacle to "mankind's most precious gift," freedom—do we sense this Ruskinesque quality.

Clearing the ground (somewhat) in the first 50 pages for the more constructive and critical later chapters, Mr. Hobson finds the former conservatism and "respectability" of the great trade unions rudely disturbed by the dock strike, the Taff Vale decision, and the advent of the Independent Labor party. In line with guild socialists' disbelief in political action in economic matters, he charges that later representation in Parliament has accomplished nothing essential, while profits for years have been increasing and real wages decreasing.

The only valid line of progress, he thinks, is to change the *status* of labor. Primarily this involves: (1) that labor shall not be regarded as a commodity—something whose purchase and sale is to be left to market competition; (2) that unemployment shall be

made a charge on industry itself, not on the worker or the whole community; and (3) that a real partnership of industry between brain workers and manual toilers must be constituted in joint management of the means of production.

But guild socialism, with its scheme of committees, councils, industrial congress, etc., is not syndicalism. The political state is retained, but divested of all economic function save the ownership of the means of production, which it rents to the guilds (the industrial state) "at a charge measured only by the state's requirements and not the full economic burden which the guilds could bear" (p. 60)—a point of possible interest to single taxers.

The "partnership" of industry must be between a party-of-the-first-part, not definitely named, and the representatives of labor organized into the amalgamated and federated industrial unions which must supersede the present dissociated craft unions. The inquisitive reader may want to know who the other partner is to be—since it is apparent that the capitalist is to disappear. Is it to be the technical men and the managers of the commercial side of the business? The point is not clear. In any case, however, the middle class—the "salaried," whose real interests lie with the workers, are to be members of the guilds—as is every worker by hand or brain. All who are not are subjects for pathological examination.

The productive possibilities of the new arrangement are touched upon (p. 52). Evidently socialism is regarded as having passed the stage where it need be on the defensive on this point. The guilds are by no means to be regarded as a sort of overgrown co-operative society. Their business will be on a gigantic scale. In a word, they are *national* in scope. In the author's opinion not more than twenty-five would be required. He does not say how he would dispose the workers in ill-defined industries—a difficulty which, by the way, confronts the Whitley plan as well.

Chapters 4, 5, 6, and 10 are marked by ironical criticism of the collectivism represented by Sidney Webb and his followers, and of Whitleyism as represented by the Garton Foundation Memorandum and the Whitley Committee reports. The Garton Foundation cribbed its ideas of industrial councils from guild socialism but its proposals are hollow and futile because they nowhere contemplate the abolishment or even any real modification of the wage system—and if there is any one cornerstone of guild philosophy it is that "wagery" must go. The author says:

We ask for genuine reconstruction founded upon the new conception of labor as a sanctified human factor; we get an evasion of the cardinal fact, and are offered workshop control plus an industrial national council, which would not trench upon the functions of Employers' Associations, who are still to profiteer to their hearts' content. . . . The main provisions of the Memorandum are doomed to failure because they deliberately refuse economic democracy. They do worse; they make a pretense of it, ". . . and this is to court not merely a storm of derision but to incite to anger the workers" (pp. 85-87).

The truth of this passage depends, of course, on the attitude of the workers. In any case it is evident that there may be definitions—and definitions—of "economic democracy." The matter is one of the psychology of labor's demands. The practicability or justice of demands is another question.

The weak points, and they are extremely serious, in Mr. Hobson's exposition are common to guild writers. (1) The functions of the political state (which Mr. Cole says is to represent the consumers) are not made clear. One labors with the impression that it will not have much to do, though this feeling is modified somewhat by the passage on "functional free-play" on pages 144-145. (2) The division of powers between the political state and the industrial guilds is very hazy. (3) The author passes over in a spirit almost of levity the problem of adjustment of payment under the guild system. The question of assignment of work he does not touch upon at all. As to payment it appears that everyone, save the old and incapacitated, is to be on monthly or annual salary whether actually employed or not—a proposal in keeping with the tenet that each industry should support its own unemployed. Perhaps there would in that case be fewer unemployed, perhaps not.

A. B. WOLFE.

University of Texas.

The I. W. W. A Study of American Syndicalism. By PAUL FREDERICK BRISSENDEN. (New York: Longmans Green and Company. 1919. Pp. 432. \$4.00.)

An admirable account of a little understood but most important phase of the American labor movement is given in this study. Dr. Brissenden brings out clearly the economic and philosophic background of American syndicalism, and, at the same time, avoids the danger of separating the theory from its application in the field of industry. He is able to do this because he has not de-

pendent solely upon documents or the words of officials, but has actually seen the "wobbly" on strike, has noted the appeal of the leaders on the soap box, knows how the stage is set for a free speech fight, and how martyrdom is manufactured. He has been aided by a most revealing literature. The proceedings of the first convention in 1905 show every angle of radicalism, and the proponents of the various doctrines took full advantage of the free field open to them at that time. The numerous pamphlets and the columns of the many journals which have blossomed in the morning only to be cut down in the evening give without pose, or with such obvious pretense that actual frankness is achieved, a clearer idea of what is behind I. W. W.-ism than do the more sophisticated publications of better established labor organizations.

The equipment of the author and the tact with which he has handled his documentary material permit him to give us a history which not only the expert in labor economics will understand but, rarest of all feats, which will be comprehensible to the men within the movement itself.

The I. W. W. is an organization with many officers and very few privates. Founded in part as a protest against the "labor faker" and professional official, and with a consequent distrust of all leaders, it has developed an officialdom which is most powerful in dictating policies. Bill Haywood, the shrewd politician and able mob orator, the pathetic Daniel De Leon whose dry intellectualism dominated the first convention, but whose fanatical dogmatism wrecked every movement which he led, and other leaders of smaller importance reveal themselves in this book.

Dr. Brissenden emphasizes the struggle between the direct actionist and the political actionist and the impossibility of the labor movement surrendering either method. This was the logic of De Leon and his Detroit wing of the I. W. W. and it is unescapable, but it is equally clear that the dramatic free speech fight, the snap strike, sabotage, etc., which do not require patient organization, are more attractive to the type who might become I. W. W.'s. Hence few people have ever heard of De Leon's Detroit I. W. W., while the Chicago organization fills the headlines of the daily papers. The group who might have been attracted to De Leonism find a more fertile field "boring from within" in the American Federation of Labor.

The author tells us that "the negative and destructive items of the I. W. W. program are deliberately misconstrued and then

stretched out and made to constitute the whole of I. W. W.-ism. In reality they are only a minor part of the creed." Perhaps this is true, but is it possible to make such a sharp differentiation between creed and its mode of expression, which is almost entirely destructive?

Dr. Brissenden attacks the position of the prosecutors of the I. W. W. and the liberals who would kill I. W. W.-ism by kindness. "The improvement of working conditions in the mines and lumber camps would tend to eliminate the cruder and less fundamental I. W. W. activities, but it would not kill I. W. W.-ism." In De Leon's phrase it would put it on the "civilized plane." Every one who is familiar with the growth of quasi-syndicalist ideas within conservative trade unions will agree.

The book has a large bibliography and interesting appendices, including selections from the I. W. W. song-book.

SOLOMON BLUM.

University of California.

NEW BOOKS

ANDREWS, J. B. *Labor problems and labor legislation.* (New York: American Association for Labor Legislation. 1919. Pp. 136. 10c.)

ARNOT, R. P. *Facts from the coal commission.* (London: Miners' Federation of Great Britain. 1919. 6d.)

ATTERBURY, W. W. *The rights of those who labor. An address delivered before Department Number 2 of the Pennsylvania Railroad Woman's Division for War Relief.* (Philadelphia: Penn. R. R. Branch Y. M. C. A. 1919. Pp. 9.)

BLOOMFIELD, M. *Management and men.* (New York: Century Co. 1919. Pp. xv, 591. \$3.50.)

The title is inappropriate, for the book is a discussion of industrial conditions in general and of labor conditions in particular in Great Britain during the last years of the war and the first few weeks following the armistice. More than half of the volume consists of an appendix or source book of material which is used by the author as a basis for discussion. Footnotes make reference easy, and the arrangement is satisfactory, for it does away with the necessity of turning to other books and at the same time frees the text from the encumbrance of too much documentary material. There is much here that would be difficult for the average reader to obtain elsewhere. The index provided is too brief to serve satisfactorily the large mass of material presented.

The six chapters of text are most readable. In the first chapter, on From War to Work in Great Britain, are presented some of the important problems facing the British industrial world; such as the

housing problem, even more acute in Great Britain than it is here; women in industry, a question that the war has greatly increased in importance; alcoholism, one of the national curses of Great Britain, and the effects of which will be more noticeable in the future, if it is not curbed, because of the adoption of prohibition in this country. In the chapter on More Output is discussed the necessity of more output during the war and how this was met, taking up the question of the former restrictions laid by the trade unions on production and their being voluntarily given up during the war on the government's promise to restore them at its close. The continued necessity of large production during peace times is shown, and Mr. Bloomfield questions whether these restrictions will ever be revived in full vigor, believing that the working man himself will see their folly.

Under Sidelights on Industry in Great Britain are treated the demands of the men for a greater knowledge of modern business; also the coöperative store movement. The Control of the Job is the title of a chapter on the various agencies of the government, of employers, and of the men for meeting the present problems. The chapter on As the British Employer Sees It contains many quotations from expressions of opinion by British employers, the general tenor of which is that employers and employed are going to get together as never before for the solution of the problems which are confronting both. The last chapter, How British Labor Sees It, deals with the political action of British labor, the position of the British Labor party, and the differences between the British and American labor organizations.

Mr. Bloomfield is very optimistic in his opinion of the probability of the solution of the difficulties which now exist between employers and employed in Great Britain.

PAUL M. ATKINS.

BLOOMFIELD, D. *Selected articles on employment management*. (New York: H. W. Wilson Co. 1919. Pp. xx, 507. \$1.80.)

The articles are gathered principally from periodical literature but certain government publications have also been drawn upon. The collection shows discrimination and an intimate acquaintance with current literature, and will be valuable for students in university courses and as a reference book for employment managers.

The articles are classified under the following headings: Foundations of Employment Management, Aims of the New Science, Problems of Labor Maintenance, The Employment Manager, The Employment Department, The Supply of Workers, Placement-Promotion-Conclusion of Employment, How to Figure the Labor Turnover, The Cost of Labor Turnover, Medical Examination of the Workers, The New Foremanship, Coöperation in Management, Maintaining the Working Force, Service Features.

A secondary but important part of the book is a bibliography of recent literature, classified in a manner very similar to that given above. There is also a list of the employers associations, and the

appendix contains a collection of very suggestive forms for use in an employment department. The poorest part of the book is the index which is much too meager for the quantity of material presented.

P. M. A.

CARSON, J. O. *Internal law of trade unions; law of injunctions, picketing, boycotts and conspiracies as found in labor cases, with leading illustrative cases.* (Indianapolis: The author. 1919. Pp. 658.)

CARTWRIGHT, G. W. *Mutual interests of labor and capital.* Second edition, revised. (Los Angeles: Mutual Interests Association, 703 Van Nuys Bldg. 1919. Pp. 139. \$1.)

COHEN, J. H. *An American labor policy.* (New York: Macmillan. 1919. Pp. 110.)

Recognizes that both employers and labor must be organized. The right of employers to discharge and the right of labor to strike should be limited. Recommends that collective agreements be made which shall be registered with a public body and if approved these agreements shall have the validity of legal binding obligations. The author has had abundant experience as counsel for employers associations in the clothing industry in New York, and was active in the development of the protocol in the cloak and suit industry.

COLVIN, F. H. *Labor turnover, loyalty and output; a consideration of the trend of the times as shown by the results of war activities in the machine shops and elsewhere.* (New York: McGraw Hill. 1919. Pp. 152. \$1.50.)

COOPER, W. R. *The claims of labour and of capital.* (London: Constable. 1919. 2s. 6d.)

DESPLANQUE, J. *Le problème de la reduction de la durée du travail devant le parlement français.* (Paris: Rousseau. 1919. Pp. 558. 15 fr.)

HENDERSON, A. *The peace terms.* (London: The Labour Party, 33 Eccleston Sq. 1919. Pp. 11. 2d.)

HOLME, J. B. *British scheme for self-government of industry; and its counterpart in New South Wales.* No. 2. (Sydney: N. S. W. Board of Trade. 1919. Pp. 35.)

HUTCHINSON, E. J. *Women's wages. A study of industrial women and measures suggested to increase them.* Columbia University studies in history, economics and public law, vol. LXXXIX, no. 1. (New York: Longmans. 1919. Pp. 179. \$1.50.)

To be reviewed.

IOTEYKO, J. *The science of labour and its organisation.* (New York: Dutton. 1919. Pp. viii, 199. \$1.60.)

JENKINS, F. W. *Industrial hygiene. A bibliography.* (New York: Russell Sage Foundation Library. 1919. Pp. 4.)

KAHN, O. H. *Capital and labor a fair deal.* (New York: The author, 52 William St. 1919. Pp. 20.)

LEITCH, J. *Man-to-man. The story of industrial democracy.* (New York: B. C. Forbes, 299 Broadway. 1919. Pp. 249. \$2.)

To Mr. Leitch industrial democracy means in general the granting to the workers, by the management of industrial plants, a certain share in the determination of working conditions and even of wages, hours, etc. Specifically it means to him the particular type of industrial representation, patterned by analogy upon the model of our federal government, and comprising a "cabinet" of the company's executive officers (with absolute veto power), a house of representatives elected by the workers, and a senate made up (*ex officio*) of under-executives, department heads, and sub-foremen. This form of representation he has installed in over twenty establishments of very diverse type, a few of which he enthusiastically describes. Naturally Mr. Leitch, who is something of an optimist, sees his own plan in its best light and does not dwell upon its possible defects. That it will not at once bring on a millenium of industrial peace and goodwill is indicated by the fact that a combined strike and lockout is now (October, 1919) in progress in one of the plants in which he describes "industrial democracy" as having been most highly successful. This, however, is not necessarily a criticism of Mr. Leitch's plan alone. It is only proof that any system of employee representation which does not involve the closed shop, collective bargaining with organized labor, and an unmistakably genuine share in management for the workers may fail to produce permanent results.

Mr. Leitch's book is written in the breezy, straight-out-from-the-shoulder style of a man "selling an idea." It is uncritical and does not delve to bed rock in the psychology of the labor situation, but it is suggestive and worth reading.

A. B. WOLFE.

LINGLE, T. W. *Studies in the social and industrial conditions of women as affected by the war.* (Chapel Hill, N. C.: North Carolina University, Bureau of Extension. 1919. 25c.)

McIVER, R. M. *Labor in the changing world.* (New York: Dutton. 1919. Pp. x, 230.)

NEARING, S. *Labor and the league of nations.* (New York: Rand School of Social Science. 1919. Pp. 47. 10c.)

PARSONS, CAPT. *Revolution: industrial and political, viewed from both sides. Handbook on the new era, for shop stewards, trades-union leaders, and capitalists.* (London: British Empire Union. 1919. Pp. 64. 9d.)

PROBUS. *La constitution syndicale de la France.* (Paris: Grasset. 1919. 1 fr.)

RYAN, W. P. *The Irish labor movement from the 'twenties to our own day.* (Dublin: Talbot Press. 1919. Pp. 266. 4s. 6d.)

SCHERESCHEWSKY, J. W. *Industrial hygiene. A plan for education in the avoidance of occupational diseases and injuries.* Reprint No. 302 from the Public Health Reports, October 1, 1915. (Washington: Supt. Docs. 1919. Pp. 8.)

STODDARD, W. L. *The shop committee. A handbook for employer and employee.* (New York: Macmillan. 1919. Pp. 105. \$1.25.)

To quote the writer in the foreword, "This book is neither a treatise, a history, nor a complete study of the shop committee movement in the United States and abroad. It is primarily a handbook, designed to present only the essential principles and facts about this movement to those who desire to know what shop committees are and how they work in a few of the many instances in which they have been established." Mr. Stoddard has been very successful in conforming his book content to this design. His presentation is concise. The reader has the satisfying sense that the writer has confined himself to those facts which are unescapably fundamental to an understanding of the subject.

Unlike many handbooks, the book is not encyclopedic in form, but rather follows an entertaining historical-descriptive-expositional sequence. The opening chapters tell of the early beginnings of the shop committee movement in England and the work of the War Labor Board in America. An excellent chapter follows on the general principles involved, after which the basis of representation is discussed and four operating plans are described in detail. Valuable concrete information regarding election machinery and procedure is presented, the treatment closing with a statement of significant incidents occurring in plants where shop committees are operating, and a straightforward discussion of the relationship between the shop committee and the unions.

Brief, concrete, practical, the book finds welcome in the hands of the novice, who, beset and confused by the multitude of copious generalizations on the subject which fill the press, desires to grasp the essentials of the problem which clamors so insistently for consideration and solution in our present-day American industries.

E. H. SCHELL.

VALDOUR, J. *La vie ouvrière. L'ouvrier agricole.* (Paris: Rousseau. 1919. Pp. 309. 75 fr.)

WEBB, MRS. S. *The wages of men and women. Should they be equal? Minority report of the War Cabinet Committee on Women in Industry.* (London: Fabian Bookshop. 1919. 1s. 2d.)

WILSON, W. B. *The labor outlook for 1919.* (Washington: Supt. Docs. 1919. Pp. 15.)

WING, G. S. *Applied profit sharing.* (Cleveland, O.: Gardner Press, Caxton Bldg. 1919. Pp. 15.)

American company shop committee plans. (New York: Bureau of Industrial Research. 1919. \$1.)

The economic structure of the league of nations. (London: Labour Party, 33 Eccleston Sq. 1919. Pp. 46. 1s.)

Hours and health of women workers. (Springfield, Ill.: Legislative Reference Bureau. 1919. Pp. 120.)

Hours of work as related to output and health of workers: metal manufacturing industries. Research report 18. (Boston: National Industrial Conference Board. 1919. \$1.)

The industrial council plan in Great Britain; reprints of the report of the Whitley committee and of related documents. (New York: Bureau of Industrial Research. 1919. Pp. 132. 25c.)

Industrial health and efficiency; final report, health of munition workers committee, Ministry of Munitions, Great Britain. (Washington: Supt. Docs. 1919. Pp. 374.)

Labour legislation in Canada for the calendar year 1918. (Ottawa: Dept. Labour. 1919. Pp. 152.)

The Labour party. Agenda for the nineteenth annual conference, June 25, 1919. (London: Labour Party. 1919. Pp. 31.)

Labour and the peace treaty, containing the text of the Southport conference. (London: Labour Party. 1919. Pp. 15. 2½d.)

The Labour year book 1919. (London: Labour Party. 1919. Pp. 463. 3s. 6d.)

Memorandum on the industrial situation after the war. (London: Garton Foundation. 1919. 2s.)

New York labor laws enacted in 1919. (Albany, N. Y.: Dept. of Labor. 1919. Pp. 72.)

Proceedings of the seventh annual convention of the Louisiana State Federation of Labor, April, 1919. (Shreveport, La.: E. H. Zwally. 1919. Pp. 67.)

Unemployment: Reconstruction pamphlets, no. 3. (Washington: Committee on Special War Activities, National Catholic War Council. 1919. Pp. 16.)

Women in industry. Report of the War Cabinet Committee on Women in Industry. (London: Wyman. 1919. 1s. 6d.)

Le problème du travail féminin. (Paris: Association Française pour la Lutte contre le Chômage. 1919.)

Money, Prices, Credit, and Banking

War Borrowing: A Study of Treasury Certificates of Indebtedness of the United States. By JACOB H. HOLLANDER. (New York: The Macmillan Company. 1919. Pp. vi, 215. \$1.50.)

A comprehensive account of the successive issues of certificates and liberty bonds during the course of the war to the end of Oc-

tober, 1919, is given, and for this alone the book would prove very useful; but it is much more than a narrative of financial measures. Professor Hollander is convinced that the war might have been financed with advantage to the country in a somewhat different fashion from that which was adopted. He agrees in substance with those who hold that by financing a war mainly through taxation a country would escape inflation. Skeptical of the feasibility of that policy, and recognizing that inflation has, in fact, accompanied the acquisition of funds for the war by borrowing, he insists that inflation is not an inherent vice of the borrowing policy, but simply a result of the particular methods of borrowing which were adopted.

Following the precedent established by the countries engaged in the war from the outset, the United States adopted the policy of financing by means of frequent issues of certificates of indebtedness, which were successfully funded from time to time by sales of liberty bonds. These certificates were taken chiefly by the banks, which credited the government with the amounts of their subscriptions on their books as deposits. Except to the extent that the banks curtailed the grant of credit for other purposes in order to purchase the certificates, this stage in the process of financing the war was one of credit inflation pure and simple. The successive sales of liberty bonds, it is pointed out by Professor Hollander, did of course bring about contraction of expanded credits, but by no means to the full extent of the inflation due to the issues of certificates. While the importance of saving by bond subscribers was emphasized, the purchase of bonds by means of borrowing at banks was also encouraged.

Professor Hollander is convinced that there would have been little or no inflation if in place of certificates, after the first moderate issue, liberty bonds payable only on an instalment basis had been offered the public. Without doubt under this plan of financing, payment for bonds from savings would be facilitated, and consequently the importance of saving could be more effectively emphasized. It seems altogether unlikely however that this method of borrowing would have induced additional saving approaching in magnitude the huge volume of credit created during the war. To finance war without inflation there is but one sure way, the burdensome way of drastic taxation imposed from the beginning of hostilities upon all classes in the community. But this is another story. If, as is probable, in the future as in the past borrowing

is to be the main reliance of warring peoples, the method of borrowing urged by Professor Hollander should be given careful consideration.

Resort to credit expansion as a last alternative should prove somewhat, and might prove very much, more satisfactory than a policy which subjects economy and thrift to the unfavorable influences of inflation.

OLIVER M. W. SPRAGUE.

Harvard University.

Money and Prices. By J. LAURENCE LAUGHLIN. (New York: Charles Scribner's Sons. 1919. Pp. xi, 307. \$2.50.)

After stating his well known theory of prices, Professor Laughlin investigates in great detail the long-time swings of prices from 1850 to the end of the European war. The fruit of these studies is such as to convince the author of the soundness of his hypothesis that the more important price movements cannot be explained on the basis of the quantity of money in circulation or the volume of credit devices. So far as the amount of gold coin or standard money is concerned there normally cannot be a sufficient fluctuation to account for any exaggerated swing. As regards credit, particularly bank deposit credit, the author would remind us that the price making process usually precedes the creation of credit. For "any one will see at a glance that the forms of credit, such as bills, drafts, etc., arising for instance from the wheat crop, have no effect on the price of that crop—the price having been made antecedent to the creation of the forms of credit which came into existence only because of the actual sales of the wheat." In other words, the volume of credit adjusts itself to rather than determines prices. More important, therefore, as price determinants, should be such factors as trade combinations and monopolies, tariffs and trade unionism, consumers' extravagance, and wasteful methods of market distribution. And in each of the periods whose price movements are examined the author finds a wealth of data to support his position.

While much of this would be granted by any monetary theorist, few will be unable to find in the pages of this work sufficient ground for extensive controversy. Despite the author's statistics, new accretions of gold seem in more than one period of pronounced price change to have been much more important than we are led to believe. At least since 1914 money imports must account for

a large fraction of the gold now in the country. Most students will also find much from which to dissent in following through the argument that credit is comparatively unimportant as a price-determining factor because it is usually called into being after prices have been fixed. Does not the *availability* of credit have considerable to do in determining whether and at what prices transactions shall be made? And after the credit has once been created does not its use affect the money offerings for goods on the part of those to whom this credit may have been transferred? The general reader, therefore, will no doubt regret the author's refusal to delve more deeply into the question of the power of unused bank credit to work itself into prices through affecting business confidence and entrepreneurial activity. This is all the more disappointing in view of the recent explanation of Governor Harding of the Federal Reserve Board that the increased volume of bank credit is the result, not the cause, of enhanced prices. The reviewer believes that the practical application of this theory is responsible for no small measure of the present economic discontent and of the agitation over the high cost of living.

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- BRADY, J. E. *Digest of the banking law journal*. Second edition. (New York: Banking Law Journ. 1919. Pp. xv, 408.)
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MORGAN, G. W. and PARKER, A. J., JR. *Banking law of New York. Chapter 2 of consolidated laws, chapter 369, laws of 1914 with notes, annotations and references.* Fourth edition. (New York: Banks Law Pub. Co. 1919. Pp. vi, 567.)

NESBITT, F. *The Chicago standard budget for dependent families.* (Chicago: Chicago Council of Social Agencies. 1919. Pp. 39. 1919. 25c.)

NICHOLSON, J. S. *Inflation of the currency.* (London: King. 1919.)

OWEN, R. L. *The federal reserve act.* (New York: Harper. 1919. Pp. 107.)

This little book is written purely as a personal reminiscence and will be of chief value in setting forth the views of one who probably had more to do in determining the final form of the Federal Reserve act than any other legislator. It will prove helpful in enabling students to interpret more accurately certain passages of the act which from the standpoint of the framers' intent may seem somewhat ambiguous.

In the words of the author the "backbone of the Federal Reserve act is:

1. A quick available supply of elastic currency for business men;
2. Issued and controlled by the Government;
3. Against adequate security, consisting of gold, commodity or commercial bills or acceptances, and U. S. bonds;
4. Under an interest charge high enough to prevent inflation by compelling contraction."

The author shows how for years despite the most vigorous opposition he fought consistently for these principles. In 1900 in proposing an amendment to a bill contemplating the amendment of the National Bank act he found them unacceptable to Senator Aldrich. When the bitter consequences of the panic of 1907 led to the partial acceptance of these principles in the Aldrich-Vreeland bill there were too many obstructions in the way of quick circulating notes, and Senator Owen pointed out how such an act, while useful in "abating a panic after its occurrence," would not serve to prevent a panic from arising. He who believes that the Federal Reserve act was in large part a copy of the National Monetary Commission's bill will find much of interest in these passages. The

author maintains vigorously that in its fundamentals the act expresses his own rather than Senator Aldrich's views.

This book may appear to place too great emphasis upon the federal reserve system as an institution for providing an elastic currency. Little is said about elasticity of deposit credits, centralized control of interest rates and gold movements, or concentration of bank reserves. But the author reminds us that he had no time to write a comprehensive history of the act. The reader should be careful, therefore, to remember the author's intention.

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OWEN, R. L. *Foreign exchange*. (New York: Harper. 1919. Pp. 79.)

The principles of foreign exchange are discussed only to the extent necessary to explain the difficulties encountered through the recent depreciation of the dollar in terms of the currencies of Spain and the several Scandinavian countries. The author shows how the use of dollar credits by our wartime allies gave Spanish banks an over-supply of dollar credits and how, as a consequence, the dollar fell to a discount in Spain despite our favorable trade balance with that country. This decline in the dollar exchange rendered more expensive the conduct of the war on the part both of our Allies and ourselves, and, moreover, could not redound to the permanent benefit of Spanish industry. It meant the checking of imports of non-essential war goods from Spain, and accordingly left Spanish industry with more difficult problems of economic reconstruction.

In searching for a remedy for such exchange difficulties the author refuses to place reliance upon private bankers because they are primarily interested in profits and commissions, and the possibilities of exacting these may be even greater in days of great exchange fluctuations. We cannot rely upon any of the existing federal reserve banks because each of these is sufficiently occupied with domestic problems, and no one of them can fail to take into account the special requirements of its own district. The author, therefore, recommends the establishment of a Federal Reserve Foreign Bank equipped with the powers necessary to maintain the dollar at its normal gold par and to provide American trade with the necessary foreign credits.

Now that the dollar discounts have disappeared, much of the author's discussion is no longer pertinent in determining the need for such a bank. But the problem still remains of maintaining the dollar as a medium of international payments and of guaranteeing to American industry and commerce the credits for foreign operations. It is to be hoped that the author will make a further contribution regarding the need for such a bank on the basis of existing difficulties in foreign trade and international finance.

HAROLD L. REED.

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Wartime changes in the cost of living. July, 1914-March, 1919. Research report no. 17. (Boston: National Industrial Conference Board. 1919. Pp. 31.)

Public Finance, Taxation, and Tariff

The Taxation of Capital. By SIR ALFRED W. SOWARD and W. E. WILLAN. (London: Waterlow and Sons Limited. 1919. Pp. xvi, 408. 18s. 6d.)

Though called forth by the current British discussions concerning a possible capital levy to defray the costs of the war, this book is mainly concerned with the British "death duties," which are considered to be essentially levies on capital. Especial attention is paid to the history of progressive rates and to the possibilities of double taxation, both domestic and international. The corporation duty is also considered, as a substitute for death duties on property the owner of which never dies.

It is natural that the two authors, being lawyers and government officials, should have emphasized the historico-legal points at the expense of the strictly economic ones. Not that these are wholly neglected: in the first chapter there is a brief outline of the theoretical justifications of the taxation of inheritances, and later there are similar outlines relating to progression in rates and taxable situs. But no new light is shed on what to an economist seems the most vital point in the taxation of capital, its effect on

wealth and progress. There are only some quotations from well known authorities, with little to indicate the authors' own opinion.

"Capital" is understood to comprehend "all those things which can be the subject of ownership without regard to whether they are income producing or not"; in other words, what writers on taxation have usually called property. In accordance with this definition, several existing or proposed taxes are discussed which are assessed on property though generally paid out of income. The discussion of the American general property tax is limited to quoting several severe denunciations, with no account of the usual rates nor the yield. It is difficult to understand such neglect of a system of taxation which annually brings in over a billion dollars and under which one hundred million free citizens, like Jeshurun, wax fat and kick. The objections to the general property tax become weighty only when the rate is unduly high; witness its history in the United States before the Civil War, and in some Swiss cantons, and also the success of the low flat taxes on intangibles in Pennsylvania, Maryland, Rhode Island, and other states. In fact, experience shows that rates as high as 6 per mille can be collected. If this were more commonly known in England perhaps there would not be so much objection to the Fabian Society's proposal, and others similar, for a temporary tax on capital, which contemplate only 1 per cent or so per year for some ten years. Such a tax newly introduced might be expected to be more disturbing than one to which industry and property have adjusted themselves, but 1 per cent on property is after all only equivalent to an additional income tax of some 20 per cent on "unearned" income, including in income the enjoyment derived from the possession of consumers' wealth, which is not at present systematically taxed in England. Still, the maximum rate of the German Imperial Wehrbeitrag of 1913 was only 1.5 per cent and yet it was thought necessary to collect it in three instalments; so to find a rate of 1 per cent per year meeting opposition in England is not surprising. The Germans seem more willing to revise their ideas on this subject, if Herr Erzberger's proposal of a tax of 64 per cent is seriously meant.

Another regrettable feature is the failure to give some idea of the rates of the state inheritance taxes in this country. No account of the federal tax can give an adequate idea of the extent to which capital is burdened unless the state taxes are also considered, especially since so many of them are imposed at higher rates than the federal.

The authors regard that part of the inheritance tax which falls on the estate as a capitalized income tax on funded income and suggest that the rates should correspond to the average rates of the income tax during the current generation. The inheritance tax on heirs, which they call an acquisition duty, is based on the doctrine of escheat. This is good enough law, but it is doubtful if the ordinary heir perceives any distinction.

Some of the more important chapters relate to the death duties in Ireland, the corporation duty and dual taxation. There is a discussion of the legal meaning of the term "direct taxation" which in England is now by court decision the same as defined by John Stuart Mill. No attempt is made to explain the American judicial interpretation of the term. At times the authors have employed language that would indicate that they were writing for a legally-trained audience, as in the case of the words "cesser" (p. 23), "user" (p. 191), and "legitim" (p. 390). It is rather surprising then to find a footnote (p. 71) to the effect that Disraeli and Lord Beaconsfield were the same person. Is it possible that the legal profession in England is not expected to be acquainted with modern history? Another questionable point is the translation of the German *Land* by "land" on page 372; "country" or "nation" would better convey the meaning.

One of the best chapters in the book is that devoted to estimates of capital wealth, both because of its description of methods of estimating and because of its collection of estimates, especially recent ones. In this, and in all discussion of English affairs, the book is interesting and helpful. It is strictly up-to-date and abundantly supplied with references. It will be of much assistance to advanced students of taxation. It will not, however, be of much value in the ordinary work in public finance as given in American universities.

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of the city of New York, by C. L. Craig; Review of tax legislation in New York for the years 1917 and 1918, by W. E. Hannan; State franchise taxation, by E. N. Goodwin; State income tax on corporations, by H. M. Powell; and Taxation of public service corporations in the state of New York, by M. H. Hunter.

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- The welfare of the children of women employed in factories in France and Germany.* (London: Intelligence Department. 1919. Pp. 58. 6d.)
- The welfare work of the Metropolitan Life Insurance Company for its employees. Reports for 1918.* (New York: The Company. 1919.)
- Arbeidersbudgets gedurende de Crisis (Tweede bundel). Uitgegeven voor rekening van het Department van Arbeid.* (Leyden: Department van Arbeid. 1919. Pp. 125.)

Insurance and Pensions

- Sources and Characteristics of the Principal Mortality Tables.* By HENRY MOIR and others. Actuarial Studies, No. 1. (New York: The Actuarial Society of America. 1919. Pp. iv, 79.)
- Graduation of Mortality and Other Tables.* By ROBERT HENDERSON and H. N. SHEPPARD. Actuarial Studies, No. 4. (New York: The Actuarial Society of America. 1919. Pp. v, 82.)

The Actuarial Society of America is publishing a set of small volumes to assist students of actuarial science and to furnish means of ready reference for actuaries. The two books under review are the first of this set to appear. The mortality table as the basis of all life insurance contracts is first emphasized in book No. 1. Then after commenting on the presumption of the existence of mortality tables among the Romans, the history of existing tables is taken up in an interesting manner beginning with the work of Halley in 1693 in the construction of Halley's Table from the registers of death in the city of Breslau. The most important facts as to the sources of more than thirty different sets of data from which mortality tables have been formed are given and pertinent comments are made on the characteristics of the resulting tables.

For a small book, it contains a wealth of reliable information that will be found useful to any serious student of insurance. However, it would be a mistake to infer from the title and treatment that the book deals with all or nearly all the important mortality tables that are or have been used in the world. Indeed, the treatment is confined almost entirely to British, American, and

Canadian tables. Exceptions to this are found in the mention of early French tables, Gotha Life Office Tables, Japanese Life Tables, Danish Survivorship Tables, and references to mortality investigations in tropical regions. No mention seems to be made of a number of carefully prepared French and German tables covering large experiences, or of tables of other countries of continental Europe.

As the book is intended to supply a means of ready reference for actuaries, it is fair to say that for this purpose it could be improved by the addition of an index. We may, however, overlook this slight defect in the light of the large service that has been rendered in preparing so handy a little volume, with suitable references for a more thorough study of the subject.

No. 4 of the series of Actuarial Studies begins with an explanation of the reason for the graduation of serial statistics. The fact is recognized that both with frequency distributions and with tables of ratios arranged in seriate order, it is a natural assumption that if the number of cases involved were indefinitely increased, the resulting values would exhibit marked regularity. It is aptly pointed out that the purpose of graduation is to make as near an approach as possible to a table showing the results of an unlimited experience.

The criteria of a good graduation are next considered. Smoothness of results and closeness to the observed facts are the criteria to be applied. With respect to smoothness, it is stated that if the series is determined by a mathematical formula, this is usually taken as a sufficient test; but, when not so determined, the criterion usually adopted is smallness of third differences of the graduated series. It should perhaps be pointed out that specification of the smallness of third differences is a very different condition from the representation by a mathematical function. In fact, the requirement that third differences shall vanish is equivalent to a condition that a polynomial of degree two represent the graduated series. By allowable inference, under assumptions of continuity, the condition that third differences shall be small implies that a second degree polynomial shall approximate the distribution. This is a very special function compared to general frequency formulas. The book calls attention to Pearson's test of goodness of fit but no attempt is made to apply it.

The main part of the book deals with graduation by four dif-

ferent methods: by graphical representation, by interpolated series, by summation formula,* and by a mathematical function. The treatment is necessarily so brief that the references to papers listed in the bibliography at the end of the book are very valuable for the student who is to make a thorough study and applications of the theory presented. Corresponding to the four methods of graduation, there are presented four different graduations of the same rough data—the experience of British Offices on female lives insured on the ordinary life participating plan excluding the first fifty years of assurance. Comparisons are made of the four sets of results with respect to smoothness and agreement with the original data. As applied to this sample of data, the conclusion drawn is that the order of the methods with respect to smoothness is: first, the mathematical function given by Makeham's formula; second, graphic method; third, summation; and fourth, interpolation.

It is well recognized that graduation by certain mathematical functions possesses advantages over all others on the score of smoothness. It is well maintained in this book that the choice of methods becomes a question whether the total of deviations from the original distribution irrespective of sign does not materially exceed the expected, and whether any special feature of the distribution is well represented. Indeed, on account of the additional advantages in connection with joint life insurance, it is held that a very liberal interpretation should be given to these two conditions before discarding Makeham's formula when joint life business is involved.

Where a mathematical law cannot be applied, the position is taken that in case of scanty data it will usually be found that the graphic method will produce best results. Where extensive data are available, a more satisfactory set of results is likely to come from the method of interpolation or summation as these do not depend on the personal judgment of the operator except in the selection of the formulas for graduation.

In conclusion, it should be said that this book will be very useful both to students and to trained actuaries because it brings into convenient form the essential ideas of graduation, and gives references to the literature that will facilitate a more careful study of this subject.

It appears that on page 42, line 22, the expression $\frac{l_x \mu_x d_x}{l_0}$ should read $\frac{l_x \mu_x dx}{l_0}$. That is to say, the subscript x on d should not be a subscript, but should be a part of dx .

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Federal Military Pensions in the United States. By WILLIAM H. GLASSON. Edited by DAVID KINLEY. Carnegie Endowment for International Peace, Division of Economics and History. (New York: Oxford University Press. 1918. Pp. xii, 305. \$2.50.)

An impartial survey of the pension system of the United States has long been desired by students of political and economic history. The timely appearance of such a volume as this, just as our government was changing from the antiquated system of paying pensions for military and naval service, to the more modern theory of providing war risk insurance to all men enrolled in the service, adds to the value of this book.

The volume stands alone in the field of pension history. The origin and gradual growth of the American system of pensioning all men who performed military and naval service, the history of the numerous laws governing their application, the impulses—sometimes patriotic but more often political—that lay back of the passage of these laws, and the economic and moral effects resulting from such a system, are treated thoroughly and impartially.

Due to the fact that our federal pension laws make a sharp distinction between military services performed prior to March 4, 1861, and services rendered since that date, the author has wisely divided the book into two parts. In part I, he discusses the English and colonial origins of pensions; the Revolutionary pensions from 1776 to 1789, and from 1789 to 1878; Regular Army and Navy pensions; and the War of 1812, Indian Wars and Mexican War pensions. By far the most valuable chapters are the two dealing with the Revolutionary pensions from 1776-1789 and from 1789-1878. The frequent demands made by the soldiers of the Revolutionary War upon their own commonwealth and upon the members of the Continental Congress for assurances that they would be cared for in case they were wounded, the repeated threats

of the officers to resign from service unless they were promised half pay for life, the persistent efforts of Washington to induce the feeble congress to make this provision, and the bitter opposition that developed among the civilian population immediately following the passage of the five year Commutation act in March 1783, are here set forth for the first time in a most detailed but intensely interesting manner. The fear that a privileged class of pensioners, living upon the pay of the government, would eventually overthrow the principles of liberty and democracy so recently won, found expression in almost every town meeting in New England. The author shows how this fear gradually subsided, and with the lapse of years a more generous policy developed, until finally in 1828 full pay for life was granted to all officers and soldiers of the Revolution who served to the end of the war.

More than half of the volume is taken up with a discussion of the Civil War pensions. In four chapters the author deals with the enactment and operation of the General Pension Law System; the Arrears Act of 1879; the Dependent and Service-Pension Acts of 1890; and Special Pension Legislation. At the outset the reader feels a sense of pride when he learns of the generous spirit that guided the members of Congress to provide so liberally for those who risked their lives in defense of the Union. But as the story progresses and each succeeding year finds tens of thousands of unworthy persons pressing their claims for pensions to which they were not entitled, aided by unscrupulous claim agents, a feeling of shame seizes us.

Also, some of the unprincipled members of Congress found it easy to arouse the prejudices of those whose pension claims had been denied, and in return for their votes, pledged themselves to open up the coffers of the Treasury to all who wore the uniform of blue. Under the guidance of such political leaders as these, and with the shrewd management of the claim agents, the pensioners ultimately became a powerful political faction and dictated to the members of Congress the kind of laws they must enact and the manner in which they should be administered (p. 220, 229-231).

The thorough and absolutely fair discussion given by Professor Glasson on the manner in which the Grand Army of the Republic prostituted its ideals during the eighties in order to obtain more favorable pension legislation furnishes one of the most important chapters to recent political history that can be found anywhere. Had he only analyzed some of the congressional votes on the more

important pension bills, as, for example, the attempt to pass the Dependent Pension bill over Cleveland's veto in 1887 (p. 217) a valuable contribution would have been made to the volume.

On the whole the author's decision to follow the topical plan of treatment, discussing the different acts in chronological order, is to be commended. There is one arrangement however, that cannot be reconciled—that of throwing so much important material into footnotes. Such references as the one made to the *National Tribune* (p. 150), the discussion of the Cummings-Rice controversy over the Arrears act (p. 159), the activity of claim agents in filing new pension claims following the passage of the Arrears act (p. 166), and the reference to General Paul Van Dervoort (p. 188), should all be incorporated in the body of the text.

In the appendix the author discusses briefly the passage of the War Insurance law of October 6, 1917, and gives a brief outline of its provisions and schedules.

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NEW BOOKS

CATTELL, J. McK. *Carnegie pensions. History of the Carnegie Foundation and reports of the committee on pensions of the American Association of University Professors.* (New York: Science Press. 1919. Pp. 253. \$1.50.)

CHOLLET, M. and HAMMON, G. *Le problème des assurances sociales en Alsace-Lorraine. Maladies, accidents du travail, invalidité vieillesse.* (Paris: Giard & Brière. 1919. Pp. 100. 3 fr.)

COOLEY, R. W. *Briefs on the law of insurance.* Supplement, vols. 6, 7. (St. Paul, Minn.: West Pub. Co. 1919.)

DEVINE, E. T. and BRANDT, L. *Disabled soldiers and sailors pensions and training.* Carnegie Endowment for International Peace preliminary economic studies of war, no. 12. (New York: Oxford Univ. Press. 1919. Pp. vii, 471.)

LESSUDRIE-DUCHÊNE, G. *Les pensions de la guerre d'après la loi du 31 mars 1919 et les lois antérieures.* (Paris: Delgrave. 1919. Pp. xvi, 271. 3.50 fr.)

LINTON, M. A. *The Carnegie Foundation plan of insurance and annuities for college teachers.* (Philadelphia: Provident Life & Trust Co. 1918. Pp. 19.)

LLEWELLYN, L. J. and JONES, A. B. *Pensions and the principles of their evaluation.* (London: Heinemann, Ltd. 1919. 30s.)

MACKEY, H. A. *Medico-legal aspects of the workmen's compensation*

- law of Pennsylvania.* (Harrisburg, Pa.: Workmen's Compensation Bureau of the Department of Labor and Industry. 1919. Pp. 55.)
- MINOR, J. F., editor. *The workmen's compensation laws of Virginia and West Virginia, together with rules of procedure and other information.* (Charlottesville, Va.: Michie Co. 1919. Pp. 691. \$5.)
- PARKER, A. J. *Insurance law of New York; being chapter 28 of the consolidated laws, and chapter 33 of 1909, including all amendments of 1919, with notes and annotations.* (New York: Banks Law Pub. Co. 1919. Pp. 302.)
- Actuarial audit of the Ohio state insurance fund, as of March 1, 1919.* (Columbus, O.: State Ins. Fund. 1919. Pp. 66.)
- The American underwriter's pocket chart of life insurance companies operating in the United States for the year ending December 31, 1918.* (New York: Thrift Pub. Co. 1919.)
- New York state workmen's compensation law with amendments, additions, and annotations to August 1, 1919.* (Albany: Dept. of Labor. 1919. Pp. 104.)
- Primer of accident and sickness insurance.* (New York: Ocean Accident and Guarantee Corporation. 1919. Pp. 110.)
- Proceedings of the fifty-third annual meeting of the National Board of Fire Underwriters, May, 1919.* (New York: The Board, 76 William St. 1919. Pp. 188.)
- Report of the Health Insurance Commission of the state of Illinois.* (Springfield: The Commission. 1919. Pp. 647.)
- Report of the special committee on social insurance.* (Madison, Wis.: State House. 1919.)
- Reports of inquiries and appeals under the national health insurance regulations, 1913. Vol. 2.* (London: National Health Insurance Commission. 1919. Pp. 73. 4d.)
- Some misapprehensions touching life insurance.* (New York: Carnegie Foundation for the Advancement of Teaching. 1919. Pp. 75.)
- Teachers Insurance and Annuity Association of America, charter and by-laws.* (New York: The Association, 576 Fifth Ave. 1919. Pp. 24.)
- Vest pocket life agents brief; a synopsis of premium rates, policy provisions, net cost of insurance, and cash surrender values.* Eleventh annual edition. (New York: Spectator Co. 1919. Pp. 366.)
- Pensionsstyrelsen ar 1917.* (Stockholm: Sveriges Officiella Statistik. 1919. Pp. 150.)
- Die Privaten Versicherungsunternehmen im Reichsräte vertretenen Königreichen und Ländern im Jahre 1912-1913.* (Vienna: Austrian Ministry of the Interior. 1919. Pp. 242; 121.)

Pauperism, Charities, and Relief Measures

Causes of Dependency Based on a Survey of Oneida County. By CHESTER LEE CARLISLE. Eugenics and Social Welfare Bulletin No. 15. (Albany: New York State Board of Charities, Bureau of Analysis and Investigation. 1918. Pp. 465.)

Because it is a community containing diverse industries and a charitable enterprise typical of "up-state" conditions in New York, Oneida County was selected for the survey whose results are given in this report. The author also believed that the data obtained would be typical as to causes of dependency and therefore of genuine value to the social worker.

The report is based on the study of certain children in the public schools and of dependent groups in the county, including children in institutions, mental defectives, epileptics, insane persons, delinquents, dependents due to acquired disease and to physical handicaps, and almshouse inmates. The study of the children is justified on the theory that the adult dependent shows a history of "deviation in symptomatic behavior" while yet a child; therefore potential failures may be recognized among children exhibiting similar deviations. The author states that in every case of dependency there are usually three causal factors: the precipitating cause; the contributing factors, such as habits, mannerisms of thought, and environmental pressure; and the ultimate casual factor, the influence of inherited qualities or peculiarities. The report practically assumes that mental abnormalities and peculiarities are the fundamental cause of dependency and as a consequence limits itself largely to a study of the mental history and conditions of the individuals examined. Again the groups studied were, with one exception, institution population including defectives, who in sociological literature are usually distinguished from dependents. Unless the reader has these limitations in mind he is in serious danger of misinterpreting the conclusions.

The actual studies indicate many interesting and valuable results. In the Utica Orphan Asylum 19.1 per cent of the children were found to be defective or subnormal; in the House of the Good Shepherd, 29 per cent. The delinquent children exhibited a high percentage of feeble-mindedness. The study of mental defectives indicates the persistence of bad heredity, while the attempt to discover the number of feeble-minded in the community yielded the threatening figure of one out of every 136 of the population. A considerable case analysis is made of epileptics, insane persons,

adult delinquents, and almshouse patients. The writer contends that the story of the poor is best read in the annals of cases of mental defect, affective deviation and other psychopathic forms of conduct; and that susceptibility to disease and premature constitutional breakdown are additional factors. Philanthropy must take these social defectives, meet their needs so far as possible, place them in an environment where they can battle successfully, and then give them enlightened after care. The reader, however, has the right to object at this point that the dependents in institutions are not typical of the great bulk of the poor but probably represent merely the lowest elements.

The two delimiting epochs of man's life are the prenatal and postnatal state. The small child is subject to countless influences and reacts accordingly. It is now possible to prognosticate the most prominent expected traits and trends, both physical and mental. Most of the cases in state institutions give evidence of capacity for transmitting abnormality and the dependent poor suffer from underlying organic weakness. The boy in the orphanage or the industrial school, and later in the jail or almshouse, is a similar type, whose behavior is determined by weakness and developmental defect. The subnormal individual drifts into an environment which matches his own defects of personality, and a standardized rating of homes and workplaces will express the mental rating of the individuals residing or working there. Even the sex offender can be explained by intelligence capacity defects or mental deviation.

The report suggests a number of constructive proposals. Since the main trends of personality are found in early life, each school child should be carefully examined, its needs should be mapped out, and then it should be trained and educated accordingly. In due time society will know what position each child can occupy and whether parental oversight will be necessary. In the second place, the community clinic should become an established institution with hospitals caring for the physically and mentally disordered and the vocational village for the socially handicapped.

This is a valuable analysis of the mental condition of various groups of dependents and throws light on the reasons for their dependency, but the title of the report gives the reader a rather erroneous notion of the nature of its contents. It is not an investigation of the causes of poverty; it does not even take for study a representative group of the dependent classes; nor can the

conclusions reached in respect to the groups studied be extended to the poor as a whole.

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NEW BOOKS

MOUNTS, L. H. *Dependents, defectives and delinquents in Iowa. A study of the sources of social infection.* University of Iowa Studies. Studies in the Social Sciences, vol. VII, no. 2. (Iowa City, Iowa: The University. 1919. Pp. 166. 85c.)

This monograph covers material relating to crime, juvenile delinquency, alcoholism, indoor relief, tuberculosis, insanity and feeble-mindedness. It contains a large number of statistical tables derived from the information given in the various local and state public reports dealing with problems of social welfare. The author admits the unreliability of some of the statistics and a casual glance at the tables must lead the reader to similar conclusions. The tables, therefore, have a rather limited value and the deductions drawn are not entirely convincing.

A considerable part of the report is devoted to a study of the differences between urban and rural communities. According to the statistics, rural conditions are usually superior to those prevailing in the cities. In explaining the causes of these differences the author seemed somewhat handicapped. He concludes that the presence of a population of foreign parentage is not an important factor and that manufacturing industry has had little weight. His figures, however, indicate that mining and a mining population have seriously affected the rates of criminality and dependency. These conclusions are largely negative and leave much undiscovered. Additional analysis is necessary to discover the preventable causes of the relatively high rates of defectiveness, delinquency, and poverty in the urban centers. The influence of constructive social work is clearly apparent in some of the cities and indicates the usefulness of the social worker.

This monograph hardly realizes the aim expressed in the subtitle, and Iowans are not specially enlightened as to the particular conditions which should be removed. On the other hand they should become convinced as to the general inadequacy of the present statistical information in their state, to the carelessness or ignorance of local officials, and the varying policies among the different counties.

The subject-matter is presented in simple readable form save for the persistent intrusion after the general tables of a coefficient of correlation according to "Spearman's formula." Being the only attempt at technical statistics it savors somewhat of pedantry, while its practical advantages to most readers will be negligible. The monograph closes with a number of constructive suggestions.

GEORGE B. MANGOLD.

New York state conference of charities and correction, December, 1918, proceedings. (Albany. 1919. Pp. 247.)

Socialism and Co-operative Enterprises

NEW BOOKS

BACON, J. D. *Townleyism unmasked! Now stands before the world in its true light as radical socialism!* (Grand Forks, N. D.: The author. Pp. 68. 25c.)

BATDORF, J. W. *The truth about the rising cost of foods; the remedy through organization methods; coöperative community council stores.* (New York: Anti-Socialist Press. 1919. Pp. 30. 10c.)

BEVAN, E. *German social democracy during the war.* (New York: Dutton. 1919. Pp. 280. \$2.50.)

CANNAN, E. *Coal nationalisation.* (London: King. 1919. 2s.)

KERENSKII, A. F. *The prelude to bolshevism, the Kornilov rebellion.* (London: Unwin. 1919. Pp. 318.)

MILLER, E. C. *The socialists.* (New York: The author, 115 Bank St. 1919. Pp. 32.)

NEILSON, F. *The old freedom.* (New York: Huebsch. 1919. Pp. 176. \$1.)

Combats socialists who slight the significance of land and capital. Contains chapters on: Great Britain and labour; Georges Sorel and syndicalism; Karl Marx and socialism; and Fabianism versus state socialism.

PHELPS, E. M. *Selected articles on government ownership of railroads.* Debaters' handbook series. (New York: H. W. Wilson Co. 1919. Pp. 200. \$1.50.)

RADZIWILL, E. R. *The firebrand of bolshevism; the true story of the Bolsheviki and the forces that directed them.* (Boston: Small, Maynard. 1919. Pp. 293. \$2.)

RUSSELL, C. E. *Bolshevism and the United States.* (Indianapolis: Bobbs-Merrill. 1919. Pp. 341. \$1.50.)

SHADWELL, A. *Coal mines and nationalisation.* (London: Longmans. 1919. 1s.)

VICTOROV-TOPOROV, V. *La première année de la révolution russe.* (Paris: Fischbacher. 1919.)

WALKER, G. L. *Capitalism versus bolshevism.* (Boston: Dukelow & Walker Co., 246 Washington St. 1919. \$1.)

Bolshevik aims and ideals and Russia's revolt against bolshevism. (New York: Macmillan. 1919. Pp. 89. \$1.)

The coöperatives in Russia. A power for the reconstruction of Russia's economic life. (New York: American Committee of the Russian Coöperative Union, 136 Liberty St. 1919.)

Thirty-sixth annual report of the work of the Fabian Society for the year ended March 31, 1919. (London: Fabian Soc. 1919. Pp. 20.)

Rechenschaftsbericht über die Tätigkeit der Verbandsbehörden für das Jahr 1918. (Basel: Verband Schweiz Konsumverein. 1919. Pp. 136.)

Statistics and Its Methods

The Review of Economic Statistics. Preliminary Volume, No. 1. (Cambridge, Mass.: Harvard University Committee on Economic Research. January and April, 1919. Pp. 212. Subscription price \$100.)

The establishment of this periodical promises to mark a new stage in the development both of economic research in the universities and of business forecasting for the public.

In 1917 Harvard University appointed a committee consisting of Professor Charles J. Bullock, chairman, Dean Edwin F. Gay, and six men of affairs to plan more adequate provision for scientific investigation in economics. After canvassing various projects this committee decided that its first enterprise should be the cultivation of economic statistics. They secured the services of one of the ablest workers in this field, gave him an adequate staff of assistants, and in due time set up an organ of their own "to promote the collection, criticism, and interpretation of economic statistics, with a view to making them more accurate and valuable than they are at present for business and scientific purposes." This organ, the chairman of the committee promises, will follow three lines of work: investigation of the sources and probable accuracy of existing statistical data; collection of additional data in cases where this may prove desirable and practicable, and the application to economic statistics of modern methods of statistical analysis.

The *Review of Economic Statistics* is a sumptuous folio-sized quarterly, of about 100 pages per issue, abundantly illustrated by charts admirably drawn. Together with a monthly supplement of current data, the *Review* is offered to the public at \$100 a year. Besides being an ultra-scientific journal, the *Review* is thus a competitor of commercial agencies for purveying and interpreting up-to-date figures for business men. Nor are its prospects in this competition necessarily dim. If some of the *Review's* charts are difficult to understand, some of its rivals' charts are impossible to understand. Most business men take their statistics on faith,

and a Harvard Committee on Economic Research will inspire more faith than any commercial agency. If its academic dignity does not preclude enterprising salesmanship, the *Review* should find sufficient subscribers to pay its way.

On the scientific side there is no doubt about the success of the first two issues (January and April, 1919). In these numbers Professor Warren M. Persons summarizes, systematizes, and extends that series of researches into indexes of business conditions which marked him out as the fittest editor for the study.

Adopting the working hypothesis that each business index "is a composite consisting of four types of fluctuations," Professor Persons develops methods of isolating and measuring each type in turn. (1) The secular trend of all the series so far treated is found by fitting straight lines to the data by the method of least squares. (2) Seasonal variations are measured by taking medians of the month-to-month percentages, turning these medians into continuous series, distributing the secular trend, and equating the average of each twelve months to 100. (3) To get cyclical variations "each monthly ordinate of secular trend is multiplied by the index of seasonal variation for that month: the resulting product is subtracted from the corresponding original item, and then expressed as a percentage of the ordinate of secular trend." Finally, the percentage deviations thus obtained "are expressed in terms of their respective standard deviations, in order to secure comparable cyclical fluctuations." (4) The last type of variations, "residual fluctuations, due to developments which affect individual series, or to momentous occurrences, such as wars or national catastrophes, which affect a number of series simultaneously," cannot be distinguished from the cyclical fluctuations simply by study of the statistical data. Interpretation "in the light of contemporaneous economic events is necessary" (p. 33). Yet in the face of this remark, Professor Persons has isolated the irregular fluctuations in one of his indexes (the value of building permits) by statistical analysis. By eliminating the secular trend and the seasonal variations from the original data he obtained a series that showed the cyclical and irregular fluctuations combined. Next by the use of twelve-months moving averages he eliminated the irregular fluctuations. He then had two series, one containing both cyclical and irregular fluctuations, the other containing only cyclical fluctuations. The differences between the paired items of these series were, "presumably, approximations to

the irregular fluctuations." When the irregular fluctuations thus ascertained were charted, they fitted the normal curve of distribution with remarkable closeness (pp. 137-139). From the statistical viewpoint, this bit of analysis is perhaps the most elegant of Professor Persons' contributions.

Twenty-three of the best-known indexes of business conditions covering the years 1903-1918 are analyzed on the plan just sketched, and the results are given at length in the January and April issues of the *Review*. In the April issue another step is taken. Twenty of the indexes are combined into five group indexes which "epitomize the business situation." The basis of combination into group indexes is synchronous fluctuation. That is, two or more series are combined when their coefficients of correlation are significant in degree and reach their maxima when items for the same dates are paired. Still further compression of the indexes yields three curves which show clearly the normal sequence of certain events in business cycles. The "index of speculation" (bond yields, prices of industrial and railroad stocks, and New York clearings) has cyclical variations which systematically precede those of the "index of physical productivity and commodity prices combined" (pig-iron production, outside clearings, Bradstreets' and the Bureau of Labor Statistics price indexes, and New York bank reserves). In turn, the cyclical fluctuations of the latter index systematically precede those of the "index of the financial situation in New York," (interest rates on 60-90 day and 4-6 months paper, New York bank loans and deposits).

But—and the fact shows the great complexity of the problems with which Professor Persons is dealing—the regularity of succession in the fluctuations of these three indexes is limited to the pre-war years (1903-1913). The systematic relations both among the individual and among the group indexes were "shattered by the outbreak of war." "It may be said that, in general, the order of the series as to lag was completely reversed." For example, "commodity prices and interest rate, which usually rise and fall four to eight months after bank clearings and pig-iron production, were the first to feel the effects of the economic cataclysm" in the summer of 1914 (p. 128). Hence, the "Index of General Business Conditions . . . obviously is of no value in interpreting the connection that existed during the Great War, but it is offered in the belief that it will prove serviceable in the study of conditions following the establishment of peace" (p. 117).

Of the three lines of statistical work marked out in the prefatory statement of the *Review*, this summary shows that only two lines have so far been developed—investigation of existing data and the application of refined methods of analysis. Along the remaining line, collecting additional data, no results are published as yet. It is to be hoped that the editor and his staff are planning a campaign in this promising direction. American statistics of unemployment, production, savings, collections, and credit—to mention concrete examples—are woefully fragmentary. Much might be done by a group of disinterested workers, backed by the prestige of Harvard University, to collect and combine data which are now largely wasted in private files.

That prompt attention has not been given to this range of work may be due to the editor's personal equation. Interest in content and interest in method are seldom highly developed in the same mind. Professor Persons has a mathematical bias; "the application to economic statistics of modern methods of statistical analysis" is the work he loves. Hence he can bear to postpone the task of organizing new sources of statistical information. Perhaps the postponement is wise. At any rate we cannot justly complain because the *Review* does not do everything first. But, and here complaints are just, Professor Persons is prone to lavish labor on the refined analysis of raw materials he might easily have bettered. Not the only, but the clearest, example of this failing is his use of the *Wall Street Journal's* average prices of industrial and railroad stocks. Though pointing out with characteristic candor the defects in these indexes (pp. 146, 147), Professor Persons calculates their secular trend, cyclical fluctuations, and coefficients of correlation with other series. With a little direction, one of his assistants might have compiled from the published tables of security prices indexes that have a far better claim to refined elaborations. Indeed, had the construction of better index numbers of stock prices been a puzzling mathematical problem, I fancy that Professor Persons would have solved it.

This over-eagerness to plunge into the fascinations of analysis however, is the worst blemish on a shining record of achievement. Not only has the *Review* set a new standard of thoroughness in the study of business indexes, but it has also cleared the way toward less familiar lines of research. The problem of secular trends in particular stands out distinctly in the background of Professor Persons' charts and tables. Why do different indexes of economic

activity show such marked diversity of secular trend; what is the meaning of these differences in terms of work and welfare; what causes produce the turning points that appear in most of the trends; why do the turning points of many trends coincide? Here is a set of themes which should fascinate some group of workers adequately furnished with statistical technique, knowledge of economic history, and theoretical insight. Professor Persons' results would set them going and Mr. Edwin Frickey's simple method of computing secular trends (pp. 210, 211) would facilitate their preliminary surveys of new data.

In a still larger sense the *Review* rouses high hopes. It is an experiment in the endowment of economic research. The fact that Professor Persons has been able to go so much farther than any of his predecessors in the statistical study of business cycles is due in part to the fact that he has had a staff of trained assistants to try out his notions and that he has been enabled to devote his own time unreservedly to investigation. Every economist will hope that the early success of the *Review* will be maintained, and that the example set by the Harvard Committee on Economic Research in providing the best of working conditions for keen investigators may be followed by other enlightened groups.

WESLEY C. MITCHELL.

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Vital Statistics. An Introduction to the Science of Demography.

By G. C. Whipple. (New York: John Wiley and Sons. 1919. Pp. xii, 517. \$4.).

As the first textbook of vital statistics to be produced in the United States this book is to be accorded a warm welcome. The author is professor of sanitary engineering in Harvard University and his work is dedicated to the students of vital statistics in the School of Public Health of that university and of the Massachusetts Institute of Technology. In the preface, he modestly confesses that he "is not an authority on vital statistics, much less an authority on demography; he is merely a student of the science."

The only book in English with which this work naturally invites comparison is Dr. Newsholme's *Elements of Vital Statistics*. I believe that this volume will be found as satisfactory a textbook for persons preparing to be health officers under present conditions in the United States as Newsholme's book has long been for persons looking forward to the same career in England. Indeed

the two books are similar, both in their excellencies and in their defects. Both have been prepared with an eye single to the problems likely to arise in the routine work of the public health officer. Both give little attention to the problems of vital statistics in other countries and to the historical development of the subject even in their own country. If Dr. Newsholme's book is somewhat better than the one before us, that is due in no slight measure to the fact that English work in vital statistics even when his book was prepared was probably further advanced and more systematized than American work in the corresponding field today. Yet for American classes I have no doubt that Professor Whipple's book will be found more serviceable than that of Newsholme.

The subtitle of the book is *Introduction to the Science of Demography* and the opening sentence defines that word as "the statistical study of human life." The definition is apparently too broad and its breadth leads to difficulties later. The man who coined the word in 1855 defined it as "the mathematical knowledge of populations, of their general movements and of their physical, civil, mental, and moral condition"; and his grandson, one of the most distinguished of living demographers, has defined it as "the study, mainly statistical, of human groups, in order to learn what are their elements and how they live and renew themselves." These definitions are narrower than that of Professor Whipple and would probably exclude four of the seven principal divisions of demography mentioned by him (p. 2); namely, genealogy, eugenics, biometrics and pathometrics. If, in addition, his two divisions of registration and vital statistics should be combined—and the line of separation between them is at best a shadowy one—we arrive at the better classification of demography into census statistics and vital or registration statistics. This is a natural division and by recognizing and building upon it, as most continental writers do, I believe that future textbooks of vital statistics or future editions of this one will be better organized.

A good textbook is seldom, if ever, produced by a single author or with a single effort. Usually it represents the combined results of many predecessors which are taken up by the last man in the series and fused into a unit. The present book is the first link, not the last in that chain. But the author has cut himself off too sharply from his predecessors, American and foreign. The sources from which he has drawn are largely contemporary American articles. Demography as a whole and vital statistics as a

main division of demography have been carried much further in Europe than in the United States. In view of that fact more attention might with advantage have been given to European predecessors. I believe no publication by a German is cited and in the bibliography only one book in German is mentioned. Yet probably the best statistical journal in recent years is the *Allgemeines Statistisches Archiv*, and few, if any, European writers are more worth attention than its editor, von Mayr. Nor does the author make more than incidental reference to the French authorities in that field, Levasseur and the Bertillons, father and son; and he confuses the French demographer, Jacques Bertillon, with his brother Alphonse (p. 6).

Even in the field of American vital statistics the book might with advantage have imparted a fuller knowledge of what earlier students have done. If the reader knew more than it tells of the lines of progress since 1840 he would be left in a better position for judging the probable direction of future advance and of profitable effort. If one were to ask for the names of half a dozen men who have contributed most to the development of American vital statistics and whose work is now ended, one would be likely to mention Shattuck, Jarvis, Billings, Tracy, Abbott, and Wilbur. Of these only two, I believe, are referred to and that incidentally. By changes of this sort, the book would be improved in those future editions to which I hope and believe it will run.

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NEW BOOKS

DUBLIN, L. I. *Mortality statistics of insured wage-earners and their families.* (New York: Metropolitan Life Ins. Co. 1919. Pp. viii, 397.)

JULIN, A. *Précis du cours de statistique général et appliquée.* Fourth edition. (Paris: Rivière. 1919.)

LIESSE, A. *La statistique: ses difficultés, ses procédés, ses résultats.* Third edition. (Paris: Alcan. 1919.)

PAGE, W. *Commerce and industry. Tables of statistics for the British empire from 1815.* (London: Constable. 1919. 24s.)

Canada yearbook, 1918. (Ottawa: Bureau of Statistics. 1919. Pp. 686.)

Census of war commodities, 1918. Textile fibres, wool, silk, jute, and kapok. (Washington: Supt. Docs., 1919. Pp. 16.)

A comparison of the mortality rates by weeks during the influenza epidemic of 1918 in twelve cities in the United States. (Washington: Supt. Docs. 1919. 5c.)

The eighteenth financial and economic annual of Japan, 1918. (Tokyo: Department of Finance. 1918. Pp. 198.)

Lumber, lath, shingles, etc. 1917. Census of industry, 1917, part IV, section I. (Ottawa: Bureau of Statistics. 1919. Pp. xii, 49, xiii. 5c.)

Statistical abstract of the United States, 1918. (Washington: Supt. Docs. 1919. Pp. 881. 50c.)

Study of social statistics in the city of Baltimore for the years 1916-1917. (Baltimore: Bureau of State and Municipal Research, 702 Fidelity Bldg. 1919. Pp. 58.)

Yearbook of the state of Indiana for the year 1918. (Indianapolis: Legislative Reference Bureau. 1919. Pp. 1054.)

Estadística del suicidio en Espana, sexenio 1912-1917. (Madrid: Ministerio de Instrucción Pública y Bellas Artes. 1919.)

Oesterreichisches statistisches Handbuch. Vols. 33, 34, 35, 1914, 1915, 1916-1917. (Vienna: Statistische Zentralkommission. 1919. Pp. 472; 367; 363.)

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

REPORT ON THE MEAT-PACKING INDUSTRY. In February, 1917, President Wilson directed the Federal Trade Commission to investigate the production, ownership, manufacture, storage, and distribution of foodstuffs and their by-products; and to determine whether there were "manipulations, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law or the public interest." An important branch of this investigation into foodstuffs was the study of the meat-packing industry (*Report of the Federal Trade Commission on the Meat-Packing Industry*, Summary and Part I, 1919, pp. 574; Part II, 1918, pp. 290; Part III, 1919, pp. 325).

The report of the commission does not cover the whole of the meat industry. The commission in carrying out a request of the President that it cooperate with the Department of Agriculture agreed that the department should investigate the production of livestock and its marketing up to the point of the stockyards, and should also investigate the retail distribution of meat products; while the commission should inquire into the slaughtering of livestock, the wholesale distribution of meat products, and the activities of the packing companies generally.

The commission in presenting its report complains rather bitterly of the difficulties it encountered in making its investigation. It asserts that the big packers deliberately falsified returns that the commission had authority to demand; that the records of the companies, particularly their stockholders' lists, were constructed to conceal rather than reveal the facts; that letters and documents vital to the investigation were removed or destroyed; that schools were maintained for employees likely to be called to testify; and that the answers to the commission's questionnaires were prepared by the packers more or less in unison in order that they might not contradict one another. Notwithstanding these difficulties the commission succeeded in unearthing a large amount of information, documentary and other, which it now presents with the assurance that the facts disclosed underestimate rather than exaggerate the gravity of the food situation.

The commission finds that the meat-packing industry is dominated by five leading packers, which it calls the Big Five. These five, in the order of their importance, are: Swift and Company, Armour and Company, Morris and Company, Wilson and Company, and Cudahy

Packing Company. For some thirty years various packers, including at all times the Swift, Armour, and Morris companies, have been associated in pools of one kind or another. In 1903 the principal packers came within an ace of merging their properties in a single company, but the premonition of the stock market panic of 1903 prevented this project from being carried through. After 1903 and until 1912 the three leading packers kept in close touch with one another through the National Packing Company, a company organized to hold certain independent properties that had been acquired by the Swift, Armour, and Morris companies in the interests of the merger. The National Packing Company provided an excellent agency for the determination of general policies and for the control of the trade; for its directors were all representatives of the three leading packers. Since the dissolution of the National Packing Company in 1912, under threat of a civil suit, the combination among the Big Five has largely taken the form of a livestock pool, whereunder the purchases of livestock sent to market are made in accordance with definite percentages, which are subject to revision from time to time as fundamental conditions change. This division of livestock purchases not only automatically regulates the relative volume of business of the Big Five, but insures substantial uniformity in the prices paid for livestock and thus in the prices at which dressed meats are sold. The meat combination is therefore essentially a pool, yet a highly effective one because of the unity of purpose that animates its members. It is not, however, the commission asserts, merely a casual agreement, but a positive conspiracy for the regulation of the purchases of livestock and the sales of meat, the terms of which are established through documentary evidence found in the files of the packing companies. That the packers were aware of the illegality of this arrangement is evidenced, it is held, by the employment in their minutes and memoranda of fictitious names, Mr. Armour, for example, being known as Sanford, and Mr. Morris as Klee.

The dominant position of the Big Five in the meat-packing industry is shown by the figures for the total slaughter of animals by all concerns engaged in interstate commerce in meat. In 1916 the Big Five killed 86.4 per cent of the sheep and lambs slaughtered by companies distributing meat in interstate commerce; 82.2 per cent of the cattle; 76.6 per cent of the calves; and 61.2 per cent of the hogs. For all of these animals combined the proportion of the Big Five was 69.1 per cent, the explanation of the lower percentage being that the slaughter of hogs, in which their control was least, much exceeds the combined slaughter of cattle, calves, and sheep. If we include the slaughter of

independent packing companies" not engaged in the interstate distribution of meat—wholesale local slaughterers the commission calls them—the Big Five controlled 63.4 per cent of the slaughter of livestock, as compared with 69.1 per cent with these concerns excluded.

In objecting to these conclusions the packers claim that they handle not to exceed one third of the meat production of the United States. The wide discrepancy between the two figures the commission attributes to the failure of the packers to include the slaughter of affiliated companies and to the inclusion by them of the animals killed on farms for home consumption. The reasons of the commission for not including farm and retail butchering in determining the strength of the packers are discussed in the report.¹

The power of the Big Five is only partially indicated by a statement of their position in the meat-packing industry. As the commission points out, they not only dominate the meat business but a large number of by-product industries; and they are steadily reaching out for mastery over commodities that may be substituted for meat and its by-products, not to mention commodities in entirely unrelated lines. The Big Five produce 22 per cent of the sole leather produced in this country; 19 per cent of mixed fertilizers; 11.8 per cent of acid phosphate; and 31.8 per cent of refined cottonseed oil. They handle more than half of the poultry, eggs, and cheese distributed in interstate commerce; and the leading packer (Swift and Company) is the biggest distributor of butter in the United States. They are important factors in the production and distribution of condensed milk, canned fruits, canned vegetables and canned fish. The rapid development of this branch of the business is shown by the increase in the sale of canned goods by Armour and Company. In 1916 this company sold \$6,500,000 of canned goods and in 1917 about \$16,000,000, whereas the combined sales in the latter year of Austin Nichols Company and Sprague, Warner and Company, two of the leading independent wholesale houses, were only about \$6,000,000. Recently the Big Five have begun to deal in various staple groceries and vegetables, notably rice, potatoes, beans, and coffee. What can be accomplished in this direction is indicated in the fact that early in 1917 Armour and Company first began to handle rice, and during the course of the year it sold over 16,000,000 pounds, becoming within the space of one year the leading distributor of rice in the world. The Armour Grain Company, owned by the head of Armour and Company, handled in 1917 nearly one fourth of the grain receipts at Chicago, the world's

¹ Part I, p. 116 ff.

greatest grain market. The meat combination has thus not only integrated its business fully, but has actually passed over into the stage of conglomeration; and at the present rate of expansion will control within a few years, according to the commission, the wholesale distribution of the nation's food supply.

By what means have the Big Five been enabled to realize this dominating position in industry? The commission attributes it not primarily to exceptional efficiency but to monopolistic control of the distributive machinery. Thus the Big Five largely control the stock-yards, with their collateral institutions such as terminal railways, exchange buildings, cattle-loan banks, and market papers. They have a majority interest in 22 of the 50 livestock yards of the country; and through these 22 yards there pass 56.8 per cent of all the animals that are received at livestock markets. They have a minority interest in 6 additional yards through which 27.7 per cent of the animals pass; and because of the fact that they constitute the principal buyers of livestock they can usually exercise control even though owning only a minority interest. Over 84 per cent of the animals, therefore, move through yards over which the Big Five exercise complete or practical control.

The Big Five also have an important advantage through the ownership of private refrigerator cars for the transportation of all kinds of perishable foods. They own nearly 92 per cent of the beef refrigerator cars that are operated upon the railroads of the country, whereas the independents own only 7 per cent. The railroads own practically none, and therefore unless an independent concern does enough business to justify the purchase of refrigerator cars it is quite restricted in its market.

The Big Five distribute their products through a system of branch houses and "peddler car" routes. The branch houses are storage stations designed to receive food products from the packing plants, and are located in the larger towns. The peddler cars are essentially miniature branch houses on wheels, and are intended to serve the smaller communities whose consumption is not large enough to justify the establishment of a branch house. This system of wholesale distribution through branch houses and peddler cars the commission declares to be the bulwark of the monopoly; there is virtually no limit to its expansion, it says, short of the complete monopolization of the primary distribution of the country's food. In this connection it is worthy of note that the Big Five through direct and indirect ownership are said to control nearly 45 per cent of all the cold storage space in the country.

Having shown that a packer domination of all the important foods is approaching in this country, and having found the advantage of the packers to be based on a monopolistic control of the market places and the means of transportation and distribution the commission recommends:

1. That the Government acquire, through the Railroad Administration, all rolling stock used for the transportation of meat animals and that such ownership be declared a Government monopoly.

2. That the Government acquire, through the Railroad Administration, the principal and necessary stockyards of the country, to be treated as freight depots and to be operated under such conditions as will insure open, competitive markets, with uniform scale of charges for all services performed, and the acquisition or establishment of such additional yards from time to time as the future development of live-stock production in the United States may require. This to include customary adjuncts of stockyards.

3. That the Government acquire, through the Railroad Administration, all privately owned refrigerator cars and all necessary equipment for their proper operation and that such ownership be declared a Government monopoly.

4. That the Federal Government acquire such of the branch houses, cold-storage plants, and warehouses as are necessary to provide facilities for the competitive marketing and storage of food products in the principal centers of distribution and consumption. The same to be operated by the Government as public markets and storage places under such conditions as will afford an outlet for all manufacturers and handlers of food products on equal terms. Supplementing the marketing and storage facilities thus acquired, the Federal Government establish through the Railroad Administration, at the terminals of all principal points of distribution and consumption, central wholesale markets and storage plants, with facilities open to all upon payment of just and fair charges.²

The report, covering as it does such a wide range, touches on a large number of topics that will prove of interest to specialists in various lines. Some of these topics are here noted: relative efficiency of the Big Five and the independent concerns (I, 74, III, 117); list of commodities manufactured or distributed by the Big Five (I, 95); chronological view of packers' progress, 1857-1917 (I, 235); description of by-products (I, 369, 545); views of the Big Five and the small packers (I, 408, 471); stocks of meat (I, 488); questionnaires used by the commission (I, 508); history of meat pools (II, 11); the live-stock pool (II, 28); the international meat pool (II, 99); combination

² For a criticism of the report of the commission and its recommendations, see Weld, "The Government and the Packers," *Annals of Am. Acad. Pol. & Soc. Sci.*, vol. 82, pp. 175-182.

in the sale of meats in this country (II, 107); the formation of Wilson and Company (II, 159); business functions of the stockyards (III, 16); map of the stockyard markets (III, 27); country buying of livestock (III, 110); distribution of meat products (III, 116); map showing location of branch houses (III, 129); unfair practices in the rendering business (III, 156); discussion of the Chicago stockyards situation (III, 189); and detailed statistics of the concentration of interstate and local wholesale slaughtering in 1916 (III, 311).

The report unfortunately contains no index. In a document of this size covering such a great variety of matters this cannot be regarded as otherwise than a serious defect.

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THE CANADIAN WHEAT BOARD. During the seasons of 1917 and 1918, the grain crops of Canada were under the control of a Board of Grain Supervisors, exercising power in accordance with an Order in Council of June 11, 1917, and later orders.

In view of the prospective uncertainty of prices and the instability of the market for the wheat crop of 1919, it was believed by the Canadian government that, in order to insure the early and steady movement of the crop and a fair price to producers, it was desirable that action should be taken looking toward the purchase, storage, movement, financing, and marketing of the wheat crop of 1919, and such other Canadian wheat as was undelivered on August 15, 1919, when the Board of Grain Supervisors would cease to function (see *Commerce Reports*, August 11 and 19, 1919). Accordingly, an Order in Council was passed on July 31 last, establishing the Canadian Wheat Board; it consists of ten members, and the chairman is Mr. James Stewart of Winnipeg.

This body has been granted extensive powers in connection with the buying and selling of wheat and flour. It has authority to take delivery of the grain at such places in Canada as it may designate. Payment is made to the producers or to other persons delivering the wheat in accordance with a schedule of prices, prepared by the board and approved by the government, in which due consideration is given to grade or quality and place of delivery. The board is further authorized to sell wheat to Canadian millers at prices and conditions to be determined by itself; the price is to be governed as nearly as possible by the price of the commodity of the same grade in the world's market, regard being had to cost of transportation, handling, and storage. If

wheat is delivered in excess of domestic requirements, as would of course be the case, it may be sold to overseas purchasers. Provision has been made whereby the producers or others delivering the wheat to the board shall be given "participation certificates" which entitle the holders to share pro rata, at a later date, in any profits accruing from the buying and selling transactions of the board.

The method of paying for the wheat when delivered is provided for. Payment is made through chartered banks upon presentation to them of vouchers issued by the board. The government guarantees the repayment to the banks, with interest not to exceed 6 per cent, such sums as are paid out by them in honoring such vouchers.

With reference to milling, the board has power to determine the qualities of flour to be manufactured, and to fix maximum prices or margins of profit at which mill products shall be sold. Flour may be purchased from millers at a price to be determined by the board, and sold at home and abroad. Authority is given to control in whatever manner it may seem advisable the export and sale of flour abroad. With reference to transportation facilities as bearing upon the board's activities in buying, selling, and delivering wheat and flour, it may allocate Canadian lake tonnage and distribute cars for shipments by rail.

Yale University.

AVARD L. BISHOP.

MANUAL FOR THE OIL AND GAS INDUSTRY. With the assistance of other federal bureaus, notably the Bureau of Mines, Geological Survey, and Fuel Administration, the Treasury Department has compiled a manual of information for taxpayers deriving incomes from the oil and gas industry. Its chief interest to students of accounting and economics is its treatment of depletion and depreciation.

Part I consists of an amplification of the law and those regulations already issued which cover this industry. Part II contains estimates of the depreciation of equipment used in the oil and gas industry. Part III attempts to provide a scientific basis for the estimate of underground reserves of oil.

Considerable space is given to a clarification of the terms "capital sum" and "invested capital." These are distinct and almost entirely unrelated. The "capital sum" is the amount returnable to the taxpayer through depletion and depreciation allowances; the "invested capital" is the basis for determining war-profits credits and excess-profits credits. "Invested capital" is the actual cash or its equivalent, paid in, and no appreciation in value of assets may be included except

such proportion of depreciation or depletion which represents the realization of appreciation of value at March 1, 1913, or any subsequent date, and which is undistributed and used or employed in the business. The "capital sum," on the other hand, may represent borrowed funds, also amounts based upon a valuation as of March 1, 1913, or within thirty days after discovery of oil or gas by the taxpayer.

The manual contains not only those articles of "Regulations 45" treating depletion, depreciation, and amortization but also much additional matter intended to supplement them and to explain their application. Considerable space is also given to a discussion of the various methods of computing depletion of gas reserves, season for testing wells, and the keeping of adequate records thereof, and details as to the information required by the Treasury Department in substantiation of claims.

Part III, which comprises about one half of the volume, contains a most interesting application of plotted curves to the determination of the future productivity and the reserves of oil wells. It has been proven that the decline in productivity of oil wells follows a definite law which is stated thus:

"If two wells under similar conditions produce equal amounts during any given year the amounts they will produce thereafter, on the average, will be approximately equal, regardless of their relative ages."

Future production curves are given for all principal oil fields in the United States and these are also translated into tables which appear in the text of the manual.

EARL A. SALIERS.

Yale University.

The Bureau of Foreign and Domestic Commerce of the federal Department of Commerce has issued the following numbers:

Miscellaneous Series:

- No. 76, *International Trade in Footwear Other than Rubber, Summarizing the Import Statistics of Boots and Shoes for 1908 and 1913*, prepared by Edward Whitney (Washington, 1919, pp. 98). This contains textual explanations showing the present state of market conditions in the various countries.
- No. 81, *Selling in Foreign Markets; Selected Readings from Published Statements of Business Men and Reports of Experts on*

Methods Employed in Export Trade, compiled by G. E. Snider (pp. 638). The volume was prepared jointly by the Federal Board for Vocational Education and the Bureau of Foreign and Domestic Commerce. Among the chapter headings are: Survey of export sales problems; Study of the market; Direct sales problems; The export middleman; Agents and agencies; Traveling salesmen; Correspondence, catalogues, and advertising; Export combinations; Terms of payment; and Delivery of the goods. The extracts reprinted are selected from a wide range of material and bring together in a convenient form a large amount of material otherwise difficult to find.

No. 83, *Trade Directory of South Australia*, compiled by H. P. Starrett (pp. 31).

No. 95, *Consumption Estimates; Showing Production, Imports, Exports, and Amounts Available for Consumption of Various Articles in the United States by Years Specified* (pp. 559-572). This is taken from *Statistical Abstract of the United States, 1918*.

No. 96, *The Economic Position of the United Kingdom: 1912-1918*, by William A. Paton (pp. 160). This is the first of a series of studies of countries during the war which were prepared in connection with the general economic work carried on in the Bureau of Research and Statistics of the War Trade Board, and which are now being published by the Department of Commerce. The volume covers only the more important aspects of trade, industry, finance, and shipping. It does not include a consideration of the labor situation, social insurance, and other schemes of social reform.

Special Agents Series:

No. 177, *Boots and Shoes, Leather, and Supplies in Argentina, Uruguay, and Paraguay*, by H. G. Brock (pp. 182).

No. 179, *Boots and Shoes, Leather, and Supplies in Brazil*, by H. G. Brock (pp. 59).

No. 180, *Far Eastern Markets for Railway Materials, Equipment, and Supplies*, by F. Rea (pp. 339). Maps and photographs illustrate the economic development.

No. 185, *Advertising Methods in Chile, Peru, and Bolivia*, by J. W. Sanger.

Tariff Series:

No. 39A, *Supplement to British Control of Imports and Exports*, by L. Domeratzky (pp. 16).

No. 40, *Customs Tariff of Nicaragua*, July, 1919 (pp. 102).

The Office of the Secretary of Labor at Washington is giving circulation to a report on *Employment and Natural Resources*, by Benton MacKaye, showing possibilities of making new opportunities for employment through the settlement and development of agricultural and forest lands and other resources (Washington, pp. 144, maps).

The United States Tariff Commission has issued in its Tariff Information series, No. 11, *Census of Dyes and Coal-Tar Chemicals, 1918* (pp. 102).

The second volume of the *Census of Manufactures, 1914* has been published by the Bureau of the Census. It contains reports for selected industries (Washington, pp. 1047).

The Bureau of the Census has issued its bulletin on *Municipal Markets in Cities Having a Population of over 30,000, 1918-1919* (pp. 56). It contains sections on: Financial administration of markets; Emergency distribution of food; Public-market law of Massachusetts; State aid to municipal markets in New York; and Community markets.

The federal Bureau of Mines has published in its Minerals Investigations series a pamphlet on *Zinc Industry in Belgium*, by March F. Chase (May, 1919, pp. 8).

The *Yearbook of the United States Department of Agriculture 1918* (Washington, 1919, pp. 760), contains articles on: Cattle loans and their value to investors, by C. S. Cole; Following the produce markets, by G. B. Fiske; Cotton warehousing, by R. L. Newton and J. M. Workman; and Arable land in the United States, by O. E. Baker and H. M. Strong.

Marketing Papers issued by the State Marketing Bureau of Florida contains in series 1, number 3 (Jacksonville, pp. 240) various articles on cooperative methods.

The Guaranty Trust Company of New York has issued pamphlets on *Financial and Business Conditions in the United States* (Sept. 20, 1919) and *American Goods and Foreign Markets* (Sept. 26, 1919).

Swift and Company have made an *Analysis and Criticism of Part II of the Report of the Federal Trade Commission on the Meat Packing Industry of November 25, 1918* (Apr. 5, 1919, pp. 97).

Corporations

REPORT OF THE COMMITTEE ON TRUSTS OF THE BRITISH MINISTRY OF RECONSTRUCTION. In February, 1918, the Minister of Reconstruction, anticipating a probable extension of trade associations and combinations, appointed a committee to consider what action, if any, was necessary to safeguard the public interest. This committee, which included among its members Messrs. Percy Ashley, J. A. Hobson, and Sidney Webb, made its report in April, 1919 (*Report of the Committee on Trusts of the British Ministry of Reconstruction*, Imperial House, Kingsway, London, Cd. 9236, pp. 43, 6d.).

The report falls into five parts: first, the report and conclusions of the committee; second, a study of trade organizations and combinations in the United Kingdom, prepared by Mr. John Hilton (the secretary of the committee) from evidence presented to the committee; third, notes as to the law relating to combinations, written by Sir John Macdonell; fourth, a report on combinations in the building material trades; and, fifth, a memorandum on industrial combinations by Mr. Percy Ashley.

Easily the most valuable portion of the report is the study of trade organizations and combinations by Mr. Hilton, the secretary of the committee. Mr. Hilton divides his study into eight sections. The first treats of the transition from a state of competition to one of combination, and discusses the good in competition, the immorality and wastes of competition, and the possibilities of and impulse to combination. The statement of the "competitive theory," which the 'author regards as less and less applicable to the business life of to-day, is presented with unusual clearness. The remaining sections deal with types of combination, the extent and significance of combination, the achievements of combination (a discussion of economies), the dangers of combination, circumstantial safeguards, special cases and aspects (a discussion of "deferred rebates" and "tying clauses"), and finally remedies.

Special mention should be made of the section on circumstantial safeguards, in which the author effectually disposes of the argument that the public is protected by certain natural safeguards against the exaction by trusts of unreasonable prices. The natural safeguards referred to are: the effect of high prices on sales; the competition of other articles that may be substituted for the monopolized article; potential competition in the monopolized line; the balance of power among trusts, as where one trust is restrained by virtue of the fact that another trust constitutes its main market; the competition of coöperative

societies; foreign competition; and a sense of equity and prudence on the part of the trust managers. In a concise discussion the author shows the failure of these so-called safeguards to protect the public fully.

Coming to remedies, Mr. Hilton discusses briefly nationalization, public competition, profit limitation, excess profits taxes, publicity, state control of monopoly prices, and supervision generally. No panacea, however, is offered; the purpose of the author throughout the whole of his report is to present fairly the opposing considerations in order that the reader may form his own conclusions as to the advisability of permitting combinations to exist and as to the measures to be taken by the state in dealing with them.

The report and conclusions of the whole committee, though of less interest to economists, are likely to exert more legislative influence. The committee found that there was in every important branch of industry in the United Kingdom an increasing tendency to the formation of trade associations and combinations, having for their purpose the restriction of competition and the control of prices. This tendency had been notably strengthened by the circumstances of the war, under which the government had found it convenient to deal with organizations representative of the various trades. The committee expressed the opinion that the habit of coöperation and discussion on matters of common concern thus formed would do away with much of the antagonism that had formerly characterized the relations between manufacturers, and would promote the formation of associations and even more binding organizations. During the war, it observed, these organizations had been held in check by the Defence of the Realm Regulations and by the fact that the government in some instances constituted practically a consumer's combination. With the conclusion of peace, however, the government would possess less power; and it was therefore necessary, bearing in mind the dangers inherent in an agency that controls prices, to establish some governmental machinery to meet the new conditions. The recommendation of the committee was that there be created a tribunal for the investigation of the operation of combines and trusts similar to the commissions and tribunals in the United States and the British colonies. Some such legislation was held to be highly desirable in view of the public mistrust of combinations and in order to preserve the political and social stability of the state.

Four members of the committee, though they signed the report, because they agreed with its recommendations so far as they went,

issued an addendum to voice their opinion that these recommendations did not suffice to safeguard the public interest. In order to protect the community against the evils of private monopoly—the endeavor to prevent associations and combinations was held to be ineffective and unwise—the minority recommended that the monopolized services be performed by the coöperative societies (which had steadfastly refused to enter combinations), or by the municipalities, or, where the enterprise was national in scope, by the state. The minority did not recommend state operation in every case, yet it did express the earnest conviction that the best safeguard against private monopoly was socialization.

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The hearings before the Committee on Interstate Commerce, United States Senate, May 29, 1919, on *Relinquishment of Government Control of Telephone and Telegraph Lines* have been printed (Washington, pp. 124).

The Library of the Bureau of Railway Economics has prepared a typewritten bibliographical list entitled *Some Comments on the Plumb Plan*, revised (Washington, Sept. 20, 1919, pp. 20). This bureau has also issued a *List of References to Books and Articles on the Adamson Eight Hour Law of September, 1917*, revised (pp. 22).

The American Exchange National Bank has made a *Digest of Railroad Bills and Plans* (New York, pp. 23).

A summarized comparison of *Railroad Bills Now Before Congress* has been prepared in tabular form by the Equitable Trust Company of New York.

Among recent public utility reports are:

Fourth and Fifth Annual Reports of the Public Utilities Commission of Colorado, 1916-1918 (Denver, pp. 191).

Seventh Annual Report of the Public Utilities Commission of Connecticut, 1918 (Hartford, pp. 684).

Thirty-fourth Annual Report of the Board of Gas and Electric Light Commissioners of Massachusetts, 1918 (Boston, pp. 295, 532).

Ninth Annual Report of the Board of Public Utility Commissioners of New Jersey, 1918 (pp. 201).

Twelfth Annual Report of the Public Service Commission, Second District, New York, 1918, vol. I (pp. 653).

The *Laws of Colorado relating to Public Utilities* have been revised and reprinted as a separate (Denver, Public Utilities Commission, pp. 58).

Labor

THE NATIONAL INDUSTRIAL CONFERENCE. When the National Industrial Conference convened in Washington, on October 6, it was without organization or program. The first three days of the conference were devoted to preliminary work of organization. No agenda having been prepared and no definite business being before the conference, the chairman on the fourth day requested the three groups to lay before it propositions upon which action was desired.

From the Public Group came a number of resolutions, including a plan prepared by the Secretary of Labor for the adjustment of labor disputes. These resolutions endorsed works councils, the stabilization of employment, the creation of a National Board of Conciliation and Arbitration, the right to organize for collective bargaining, and the passage by Congress of an anti-profiteering act similar to that of Great Britain. The resolutions emanating from the Public Group had each been presented by individuals and had been assented to by the group for formal presentation as germane to the purpose of the conference; in other words, the resolutions of the Public Group in no way indicated its attitude nor in any way prejudiced one way or the other the attitude of any individual composing it.

With the Labor Group the case was different. Mr. Gompers, in presenting the report of that group, stated that it had met for several days prior to the conference and had "reached an unanimous conclusion upon the subject-matter to present for the consideration of the conference. There is no pride of authorship in any of the proposals. They are the unanimous conclusions of our group."¹ The report was made up of a resolution for the arbitration of the steel strike and of eleven propositions. The conference was asked to declare in favor of:

1. The right of wage-earners to organize.
2. The right to bargain collectively through trade unions.
3. The right to be represented in negotiations and adjustments by representatives of their own choosing.
4. The right of free speech, press and assembly.
5. The right of employers to organize.
6. a. The eight-hour day, with one day's rest in seven.
b. Time and one-half for overtime work.
7. The right of all wage-earners to a living wage.

¹ Official Proceedings, stenographic transcript, p. 173.

8. *a.* Equal payment for equal work for women.
- b.* Preservation of the health of women workers.
9. Prohibition of the labor of children under sixteen.
10. Establishment of a national conference board and similar boards in the several industries with organization and objects similar to those of the Whitley Councils in Great Britain.
11. Prohibition of immigration into the United States until two years after the declaration of peace.

The following day the Employers' Group presented: first, a resolution relating to the appointment of a congressional committee to recommend a plan for coördination of all government reports and for the securing of industrial information through the census; and, second, a statement of principles to govern the employment relation in industry.

This statement of principles, it was explained, "was originally prepared by that section of the Employers' Group named by the National Industrial Conference Board, referred by the group to a committee composed of the various elements of the group . . . and, therefore, comes to the conference in that form; the authorship consequently being the original authorship of the [National] Industrial Conference Board with such changes as they accepted readily from the committee of the group."² These principles asserted:

1. Increased production is necessary, and restriction of production by either employer or employee is condemned.
2. The establishment and not the industry is to be regarded as the productive unit.
3. Conditions of work should be reasonably safe and satisfactory for the workers, and every effort should be made to give steady employment.
4. *a.* Wages should be sufficient to maintain a family at a reasonable standard of living with due regard for quantity and quality of productive effort, and value and length of service.
- b.* Women should receive equal pay with men for equal work and be given equal opportunity for advancement.
5. *a.* The standard of the work schedule should be the week, with one day's rest in seven.
- b.* Overtime should as far as possible be avoided.
6. Each establishment should possess within itself adequate means for adjustment of disputes.
7. All men have a right to associate, provided the resulting collective power is not used to coerce or control others without their consent.
8. Every association, whether of employers or of employees, should be legally answerable for its own conduct and that of its agents.
9. Freedom of individual contract is to be maintained and protected.
10. The open shop shall not be interfered with and the employer shall not be required to deal with those who are not his employees.

² Proceedings, p. 243.

11. The strike and lockout shall be permissible in private industry as a last resort, but no strikes in public utility or government service shall be tolerated.

12. Training of industrial workers through apprenticeship systems and extension of vocational education is needed.

No method whereby these principles might be put into operation was suggested, but it was recommended "that such methods . . . be worked out by the individual establishments in conjunction with their employees and by industry as a whole."

These matters, almost all of vital importance and involving issues and questions of policy in which the groups in the conference and the country as a whole had a direct interest, came before the conference in the first two days after the necessary work of organization had been accomplished. On the succeeding days further resolutions continued to be submitted by each of the three groups. From the Public Group, for example, came resolutions touching questions of federal loans for farm buildings, industrial housing, child and woman labor, employment exchanges, salaries of federal civil service employees, profit sharing, as well as several resolutions relating to systems of employee representation. From the Labor Group came a resolution to give employees the right to sit on managerial boards of all public service corporations, and another for a system of free public employment offices. From the Employers' Group, also came an agricultural program involving a lengthy statement of principles and touching many issues affecting the farmers, such as farm production, coöperative marketing, farm organizations, storage and financing of agriculture. Thus, it will be seen that while the conference started with no program and with no idea of the work that it would consider, almost from the first important matters came before it for attention.

Out of this medley of resolutions, declarations, and statements there were two resolutions that came prominently before the Industrial Conference and which became storm centers of discussion. One of these, the first to be presented and the most vexing in character, was the resolution to arbitrate the strike in the steel industry. The second, the one upon which the conference reached an *impasse*, was on collective bargaining. These two will be discussed in the order named.

On the fourth day of the conference Mr. Gompers "on behalf of the Labor Group" offered the following resolution:

Resolved, That whereas the nation-wide strike now in progress in the steel industry of America affects not only the men and women directly concerned, but tends to disturb the relations between employers and workers throughout our industrial life; and

Whereas, this conference is called for the purpose of stabilizing industries

and bringing into being a better relation between employers and employees; and

Whereas, organized labor wishes to manifest its sincere and fair desire to prove helpful in immediately adjusting this pending grave industrial conflict; therefore, be it

Resolved, that each group comprising this conference select two of its number and these six so selected to constitute a committee to which shall be referred existing differences between the workers and employers in the steel industry for adjudication and settlement.

Pending the findings of this committee this conference requests the workers involved in this strike to return to work and the employers to reinstate them in their former positions.

Under the rules of the conference this resolution was passed to the general committee for consideration.

Two days later the resolution was reported back to the conference "without recommendation, two of the groups in the committee having voted a majority against the recommendation, but a majority, in number, of all of the committee having voted in favor of the resolution being reported to the conference."³ In the committee, the resolution had been amended to the effect that the members of the proposed arbitration committee of six might be selected either from within or from without the conference membership.

Dr. Eliot of the Public Group asked the chairman of the conference, on a point of order, to declare the subject-matter of this resolution not germane to the work of the conference. This responsibility the chairman refused to accept, saying: "It seems to me it must be for you to determine whether or not any matter that is brought before you is germane to the broad question as to how capital and labor can be brought together. . . . It becomes a question of judgment for the conference."⁴

An amendment was then presented by a member of the Public Group stipulating that the conference should merely offer to the parties in the steel strike dispute the services of a committee of six, in case the disputants could find no way of reaching an agreement by themselves. The findings of this committee would be binding—"their decision to be final."⁵ This amendment was lost by the unanimous vote of the three groups.

Once more the original steel strike resolution was before the conference. For some reason it always had difficulty in reaching a final vote.

³ Proceedings, p. 326.

⁴ *Ibid.*, p. 353-354.

⁵ *Ibid.*, p. 356-357.

It seemed as if some members of the conference avoided it as they would avoid a live wire. The Labor Group alone defended the proposition by arguments and by threats. It was argued that American industry would very soon meet disaster if the steel strike went on, because of the basic character of that industry and that the deadlock could be broken only by such intervention as was provided in the resolution; that the American Federation of Labor was the safest and sanest medium through which to work for creating a general feeling of responsibility in keeping wage contracts and disciplining those who broke such contracts. It was threatened that a defeat of this resolution would certainly result in the radical element among organized labor getting into control and that revolution and anarchy would be sure to follow.

Those who objected to the resolution argued: first, that it diverted the conference from its original purpose; second, that the taking up of the steel strike would prove a bad precedent because other important strikes were in existence with equal claims for attention; third, that this strike had already been considered by the President of the United States; and, fourth, that the strike was at the moment under investigation by a committee of the United States Senate.

A motion to postpone consideration of the resolution was made and lost. For a moment it looked as if the resolution would come to a final vote. The chairman of the conference asked the leader of the Public Group how that group voted on the resolution. A recess was asked for in order that the group might consult on the question. Immediately, a point of order was made that the time had arrived for the conference to adjourn for that day. Once more the resolution escaped a final vote.

When the conference reassembled on the next day, and when the preliminary business was over, the pending steel strike resolution came up again, like Banquo's ghost. Before the chairman could call for a vote the following resolution was offered by the leader of the Public Group:

Moved, that action on the steel strike resolution be deferred until the general committee reports on the question of collective bargaining, and that the general committee be directed to report on this question not later than Thursday afternoon at 2.30 p. m.⁶

This meant that the report should be returned to the conference by 2.30 on the following day.

On this proposal the Public Group and the Labor Group voted in

⁶ Proceedings, p. 383-386.

favor, the Employers' Group against. By a ruling of the chairman of the conference, the motion was declared carried, thus preventing the resolution from being passed to the general committee. Much protest arose over this decision of the chairman. Objection, however, was made in vain and the conference adjourned under instruction to the general committee to bring in a resolution on collective bargaining before the steel strike matter was again considered. This resolution, therefore, disappeared from view for the time being.

On the eleventh day, the collective bargaining resolutions having been passed upon, the steel strike resolution came once more before the conference. Once more too an attempt was made to adjourn the meeting before a vote was taken, but was unsuccessful. A vote at last became inescapable.

The Chairman: Is the Public Group ready to vote?

Mr. Baruch: We vote "No."

The Chairman: Is the Employers' Group ready to vote?

Mr. Wheeler: The Employers' Group by the required majority votes "No."

The Chairman: The Labor Group vote?

Mr. Gompers: "Yes."

Thus, finally, the vexing resolution was taken out of the conference.

Why was it so difficult for this resolution to reach a final vote in the conference? Certainly, the Labor Group did not change its position on it. It was consistently favorable. With equal certainty, the position of the Employers' Group did not change on it, for it was consistently in opposition. If there was uncertainty of position, therefore, it was among the Public Group. The record is clear that this group was divided in opinion.

Keeping this "contentious matter" so persistently before the Industrial Conference did much to color the discussion on the collective bargaining resolutions, and it created friction within the conference because it was contentious. It prevented the arrangement of an orderly and logical procedure of business. Almost from the first moment of its introduction, its final defeat was apparent. In spite of these facts, either by design or through mismanagement of the conference itself, it was for long impossible to get rid of the steel strike issue. Certainly, no group in the conference gained any material advantage either from the discussion or from final action on this matter.

Although several resolutions dealing with the subject of collective bargaining had been referred to the general committee, none came before the conference until after the steel strike resolution had been temporarily laid aside by the motion directing the general committee

¹ Proceedings, p. 433.

to report within twenty-four hours on collective bargaining. This report of the general committee was to the effect that no agreement had been reached on a statement of the collective bargaining principle, but that the Labor Group and the Public Group in the committee had voted to recommend a resolution to the conference. The Employers' Group had dissented. By a motion that this report of the general committee, together with the resolution on collective bargaining, should become the report of the conference, the issue of collective bargaining was launched.

In order to understand the relationship of this original, so-called Chadbourne resolution and the substitute proposed by the Employers' Group, they are shown together as follows:

The original resolution
(called the Chadbourne Resolution).

The right of wage-earners to organize in trade and labor unions, to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and relations and conditions of employment is recognized.

This must not be understood as limiting the right of any wage-earner to refrain from joining any organization or to deal directly with his employer if he so chooses.

The substitute resolution of the
Employers' Group.

RESOLVED; That without in any way limiting the right of a wage-earner to refrain from joining any association or to deal directly with his employer as he chooses, the right of wage-earners in private, as distinguished from Government employment, to organize in trade and labor unions, in shop industrial councils, or other lawful form of association, to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and other conditions of employment is recognized; and the right of the employer to deal or not to deal with men or groups of men who are not his employees and chosen by and from among them is recognized; and no denial is intended of the right of an employer and his workers voluntarily to agree upon the form of their representative relations.

It is to be noted that the first paragraph of the original (Chadbourne) resolution was taken literally from the first three propositions of the Labor Group referred to above, and that the second paragraph (the so-called "Endicott tail") marks the compromise effected in the general committee by the members of the Public Group and the Labor Group. It is to be further noted that the substitute resolution offered by the

Employers' Group adopts the phraseology of the original resolution in so far as it has been possible. A comparison of these two resolutions will show that the essential differences are these:

1. That the substitute resolution states the right of the wage-earner to organize in shop industrial councils or other lawful form of association outside of trade and labor unions.

2. That the substitute resolution distinguishes between private enterprise and public employment.

3. That the substitute resolution states the right of the employer to deal or not to deal with men who are not in his employ.

As the discussion progressed, these three differences stood out more and more clearly.

The Labor Group, while endorsing the original resolution, declared that in the second paragraph they had made the utmost concession possible. The importance of the concession, however, is not readily apparent. For the delegates of the Railroad Brotherhoods who represent a closed union shop industry, this addendum may be considered somewhat of a concession. The spokesmen of the Labor Group declared again and again that no further compromise was to be expected.

The Employers' Group defended their substitute resolution, as against the original, on the ground that the original resolution was ambiguous and would be interpreted as excluding all forms of labor organizations other than trade and labor unions, that it would place the influence of the conference in favor of compelling employers to deal with representatives of trade and labor unions, and that the rights of organization and of collective bargaining under this resolution applied without distinction to government as well as to private employment. They held that, constructively, they granted in their resolution the right to organize, the broad right of collective bargaining, and that in certain industries, the public interest was paramount over private interest. They said, too, that the substitute resolution protected the open shop principle.

The Public Group seemed, at first, to agree with the Labor Group on the Chadbourne resolution. During the discussion in the general committee, however, statements were made by two members of the Labor Group, as reported to the conference, that this resolution would apply to trade and labor unions and to these only. This narrow interpretation caused certain members of the Public Group to shift their position. As a result of this change of opinion in the Public Group, a substitute resolution was offered as follows:

The right of wage-earners to organize in associations of their own choosing,

to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and relations and conditions of employment, is recognized.

This must not be understood as limiting the right of any wage-earner to refrain from joining any organization or to deal directly with his employer if he so chooses.

When it was found that this second substitute resolution found no favor with the Labor Group, a third substitute resolution emanated from the Public Group. This was an evident attempt at compromise with the Labor Group. The only difference between this and the original was the addition, after "trade and labor unions," of the words "and other organizations." The Labor Group, however, would not endorse this. The Employers' Group had throughout opposed these substitute resolutions for the same reasons as applied to the original resolution.

The vote taken on this series of resolutions is of interest. On the substitute offered by the Employers' Group, which first came to vote, the Public Group and the Labor Group stood together in opposing it. On the first substitute resolution offered by the Public Group, the Labor Group stood with the Employers' Group against it. On the second substitute resolution offered by the Public Group, Labor again stood with the Employers against it. When a vote was taken on the original Chadbourne resolution, the Public Group and the Employers' Group voted together against it.

The significance of the voting on these resolutions is important. It showed conclusively that the Labor Group really did intend that the original resolution should be confined to collective dealing between employers and trade and labor unions.

All the resolutions on collective bargaining, as well as the steel strike resolution, having finally been taken from before the conference, the way appeared clear for beginning an orderly procedure of business. When the conference reassembled on the following day, there was read to it an appeal from the President of the United States for a continuance of patience and forbearance on the part of all the groups. It was into this situation that the chairman of the Labor Group once again introduced the collective bargaining issue. He offered the following resolution to the conference:

The right of wage-earners to organize without discrimination, to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and relations and conditions of employment is recognized.

The Chairman waived the rules requiring the resolution to be sent to the General Committee and brought it up at once for vote in the conference. The Public Group and the Labor Group voted in favor of it; the Employers' Group opposed it by a majority of ten to four. Immediately thereafter, the Labor Group withdrew from the conference.

It is apparent from the preceding discussion that the Industrial Conference had before it a great wealth of material with which to deal. Among the resolutions offered were some bearing upon the most vital and far-reaching forces in American industry. It was not, therefore, for lack of work to do that the conference failed to achieve more substantial results. Admittedly, too, it was the time of practical need for a course of constructive action by representative groups of employers and employees. The opportunity for enlightening the general public, for putting before them in a clear, unprejudiced way the essential facts in regard to certain critical phases of industry, was never so great. The opportunity for constructive action was equal to the wealth of material with which to work.

It was, therefore, a great misfortune that the steel strike, in itself a "contentious matter," should have been thrust into the conference almost at the very beginning of its deliberations and should have been kept there so persistently. The Employers' Group and the Labor Group had both presented programs which would readily afford a workable basis for the conference. There might have developed an orderly procedure to well considered constructive issues. Whether there was "politics" in the steel strike measure, or whether the situation developed beyond the control of the chairman or of any group within the conference, may be an open question, but that the measure was from beginning to end a most unfortunate one is beyond doubt.

The collective bargaining issue, like the steel strike, was brought prematurely into the conference. All the members of the Employers' Group contended that no satisfactory discussion of the resolutions on collective bargaining could be had until the preliminary collateral issues had first been discussed. One of the most unfortunate features of the Industrial Conference lies just here. It was impossible for the Employers' Group and the Labor Group to determine how far they might be able to agree on a constructive program for American industry because their way to agreement was blocked by the steel strike resolution and the so-called collective bargaining issue. The experience of the Industrial Conference may well show the futility of calling together such groups without a carefully prepared agenda.

Some good, nevertheless, will arise from the Industrial Conference at Washington. For those who were in attendance and for those who will study with care the opinions presented there on many live issues of the day, there is much of value to be learned. Undoubtedly, for those who participated in the conference, the educational value is considerable. It is also no small achievement to have brought together from various parts of the country a heterogeneous group, like that of the Employers' Group, and to have had them develop a clear statement of principles which in their opinion should govern the employment relation in industry.

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THE COMPUTATION OF LABOR TURNOVER. In the JUNE REVIEW,¹ Paul H. Douglas criticizes the method of computing labor turnover which was recommended by the National Association of Employment Managers at their annual meeting in May, 1918, and since adopted by the United States Bureau of Labor Statistics, and proposes an alternative method.

There are two points involved. First, should the number of separations from the establishment or the number of persons hired to replace these who have left be used as the dividend in the computative process; and, second, should the average daily attendance of employees or the average number of employees on the payroll be used as the divisor. Mr. Douglas advocates the second alternative in either case. In regard to the second, or minor point, I agree with him, but, I believe that his proposed substitution of replacements for separations in the formula is not satisfactory.

His method of computation follows logically from his definition of labor turnover, which is that labor turnover is "simply the number of men hired by a given business unit to take the places of men who have left." "Turnover," he adds, "in this sense is exactly similar to the use of the term by any retail merchant to indicate the disposal of certain units and their replacement by other units. Turnover as such does not begin until replacement occurs." But is this what the term "turnover" means? We should expect it to mean that a unit, whether of merchandise or labor, is turned over when relations with that unit cease. It would not seem to be at all necessary that a new relationship be established with a succeeding unit in order that the first might be said to have been turned over. And, contrary to Mr. Douglas, this seems to be the accepted meaning of the term. Mr. Nystrom, for example, says in his *Economics of Retailing* (p. 181): "Each complete

¹THE AMERICAN ECONOMIC REVIEW, vol. IX (June, 1919), p. 402.

use of the capital invested in merchandise is known as a 'turnover.' " A recent report of the Employment Manager's Committee of the Atlantic Coast Shipbuilder's Association states that out of more than 200 experts in employment management and others to whom the question was submitted only six dissented definitely from the proposition that the labor turnover cycle ends at the termination of employment and not at the replacement by another employee. It is not stated in this report whether answers were received from all of the persons to whom the query was submitted, but the statement that the "conclusion is overwhelmingly substantiated by nearly all experts in employment management," suggests that the voting was at least sufficient to be representative. Replacement, it seems, has nothing to do with the turnover cycle save to begin a new one. If our process of computing labor turnover is to be in accord with the obvious and accepted meaning of the term, it seems clear that it must be based upon separations, not upon replacements.

Practically, too, the advantage lies with the separations method. The percentage derived by this method is more significant, both to employers and to the public, than the percentage derived by the replacement method. The aspect of this question that the public is most interested in is the degree to which employment is continuous, that is, the degree of stability of the labor force. Dividing the total labor separations at a plant by the payroll will not give an ideal stability index, but it is much nearer to it than if the number of replacements were used instead of the number of separations, if these two should not be equal. The test of instability is separations; replacements depend upon either the desire or the ability of the employer to fill the places left vacant. Failure to fill positions does not give perfect stability to a labor force. Consequently, the replacements method will not tell us what we most wish to know.

Likewise the result of a computation based on the number of separations is much more significant to the employer than the result of a computation based on the number of replacements. If men are laid off, the replacements method will not reflect the pathological condition of the business which makes the decrease in the work force advisable, while it would be indicated by the other method.

Under certain conditions the efficiency of the labor department of an establishment is more clearly indicated by comparing replacements rather than separations with the payroll, for then a failure of other departments which makes necessary the reduction of the force would not be reflected in the resulting percentage. But if the em-

ployer desires to replace those who have left, it is the clearly recognized duty of the labor department to find the needed men. If this cannot be done, the computation on the basis of replacements will not indicate the efficiency of the department.

There seems to be no practical reason why we should substitute the replacement method for the separations method in the labor turnover computation. In other words, there seems to be no reason why the labor turnover computation should not be in line with the meaning of the word "turnover."

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Recent bulletins of the United States Department of Labor have appeared as follows:

- No. 254, *International Labor Legislation and the Society of Nations*, by Stephan Bauer (Washington, May, 1919, pp. 135). There are chapters on: International labor protection programs of 1916 and 1917; International regulation of the right of combination, of social insurance, of the protection of children and of females, of working hours, etc.
- No. 255, *Joint Industrial Councils in Great Britain* (July, 1919, pp. 207). This contains reports of a committee on relations between employers and employed and other official documents relating to works committees and joint industrial councils.
- No. 257, *Labor Legislation of 1918* (June, 1919, pp. 169). This compilation is a summary of state labor legislation made by Lindley D. Clark.

The Working Conditions Service of the United States Department of Labor has reprinted an address by W. M. Leiserson on *Employment Management, Employee Representation, and Industrial Democracy* (Washington, pp. 15).

The Children's Bureau of the United States Department of Labor has issued part 3 of the Administration of Child Labor Laws. It deals with the *Employment-Certificate System of Maryland* and was prepared by Francis H. Bird and Ella A. Merritt (Washington, 1919, pp. 127).

The hearings before the Committee on Education and Labor held in January, 1919, on *Social and Industrial Conditions in the United States* have been printed. This is largely devoted to a statement by Mr. Gompers.

The New Jersey State Chamber of Commerce has published a series of valuable bulletins dealing with various labor problems. Among them is to be noted the issue of July, 1919, on *Shop Committees and Industrial Councils*, prepared by the Bureau of State Research. It analyzes the plans of different establishments which have already put these systems into operation; and the analysis is made more helpful by an appendix of synoptical tables covering the different systems.

The Special Bulletin of the New York Department of Labor for June, 1919 (No. 94) contains *New York Labor Laws Enacted in 1919* (Albany, Bureau of Statistics and Information, pp. 72). This department has also issued a compilation of the New York state *Labor Law with Amendments, Additions and Annotations to August 1, 1919* (pp. 191).

The Profit-Sharing Plan of Sweet, Causey, Foster & Company has been printed (Denver, Colo., pp. 14).

The Bureau of Statistics of Massachusetts has compiled the eighteenth annual *Directory of Labor Organizations in Massachusetts* (May, 1919, pp. 65).

Among state reports of labor bureaus the following have been received:

Second Report of the Industrial Commission of Colorado, 1918 (Denver, pp. 128).

Twenty-eighth Report of the Bureau of Labor Statistics, 1918 (Hartford, pp. 89).

Forty-ninth Annual Report on the Statistics of Labor, 1918 (Boston, pt. I, pp. 61; pt. II, pp. 148; pt. III, pp. 95; pt. IV, pp. 54).

Second Biennial Report of the Commissioner of Labor of Nevada, 1917-1918 (Carson City, pp. 127).

Twenty-seventh Annual Report of the Maryland State Board of Labor and Statistics, 1918 (Baltimore, pp. 306).

Sixteenth Biennial Report of the Department of Labor and the Department of Compensation of Nebraska, 1917-1918 (pp. 258, 69).

Fourteenth Biennial Report of the Bureau of Labor of West Virginia, 1917-1918 (Charleston, pp. 99).

Money, Prices, Credit, and Banking

INTERNATIONAL PRICE COMPARISONS, a highly interesting and trustworthy monograph, has been published by the Department of Commerce of the United States government in coöperation with the War

Industries Board (Washington, 1919, pp. xiv, 395, 25c.). The volume was prepared by Professor Wesley C. Mitchell with the assistance of Margaret L. Goldsmith and Florence K. Middaugh, and is a contribution to the History of Prices During the War as originally planned by the War Industries Board. It aims to compare the rise of prices in the United States and other countries, belligerent and neutral, from 1913 to 1918 inclusive.

The bulk of the report consists of tables of statistics. There are more than twenty text figures or charts embodying the results of statistical compilations and comparisons. Of actual text there are less than fifty pages but these are worthy of very careful examination. Here are outlined the aim, scope, and method of the international price comparisons made; American prices during the war and the peace-time relations between American and European price fluctuations; and the fluctuations of prices in foreign countries and in the United States in 1913-1918. The report contains tables in full of all the prices studied. The tables are arranged by countries and the commodities studied are listed alphabetically. The general trend of price fluctuations as a whole is shown by index numbers.

The conclusions established by the investigation are set forth on page 53 and some of these conclusions are here added:

The extraordinary rise of prices which started in Europe on the outbreak of the war spread over the whole commercial world. Remoteness from the chief scene of conflict did not protect Japan or Australia from a revolution in prices; difference of economic organization did not protect India; the maintenance of neutrality did not protect Argentina. No other development has ever demonstrated so forcibly the strength of the economic bonds that unite all the nations of the globe in a common fortune.

In comparison with this basic similarity, the differences between the price fluctuations that occurred in various countries are matters of secondary importance; yet they merit attention. In England, France, Italy, Germany, Austria, Russia, Denmark, Sweden, and Norway, and even in the distant British colonies of Canada and Australia, a sustained advance began before the end of 1914. India was definitely drawn into the price revolution early in 1915, Argentina and the United States in the latter part of 1915, and Japan early in 1916. Regarding the ultimate degree of the advance, little can be said until figures for 1917 and 1918 become available for all countries. But there is present evidence that in 1915 food prices, at least, rose more violently in Austria than elsewhere; that French prices advanced more than British prices, and Italian more than French; that at least up to the end of 1916 the Scandinavian neutrals were affected in about the same degree as the European belligerents; and that the rise in other parts of the world was less extreme than in Europe. . . . Of the 14 countries studied there are only 2 in which the level of prices was all the time less than in the United States—

India, for which the quotations end with 1917, and Argentina, with which the comparison extends to August, 1918.

As a whole, the report is a mine of useful and first-hand information on a subject of great interest to economists and others at the present time.

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Yale University.

The hearings before the Senate Committee of Banking and Currency on *Incorporating Institutions to Engage in International or Foreign Banking*, held July 23, 1919, have been printed (pp. 28).

The Bureau of Education has compiled in a five-page leaflet a table showing *Increases in Salaries of College Teachers* in three hundred different institutions (Washington, July, 1919).

The National Industrial Conference Board has continued its studies on the cost of living in a pamphlet entitled *Changes in the Cost of Living, July, 1914-July, 1919* (Sept., 1919, pp. 31).

Mr. A. C. Miller, a member of the Federal Reserve Board, delivered in Chicago, September 24, 1919, before the American Association of the Baking Industry, an address on *The Cost of Living Problem* (pp. 20, typewritten).

The *Proceedings of the First Annual Convention of the National Association of Securities Commissioners*, held in 1918, have been compiled by Charles J. Andre, secretary (St. Paul, pp. 64).

Public Finance

Among state tax reports are:

Report of Commissioners of Taxes and Assessments of the City of New York (pp. 87).

Tenth Annual Report of the Tax Commissioner of the State of Texas, 1918 (pp. 91).

Second Annual Report of the Statistics of Municipal Finances, prepared by the Wisconsin Tax Commission, 1918 (pp. 24).

The Bankers Trust Company of New York has issued in a small pamphlet, *Extracts from the Inheritance Tax Law of the State of New York* (1919).

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Arthur N. Young)

- ARIAS, G. *Les idées économiques et sociales de Guiseppe Mazzini*. Rev. d'Econ. Pol., May-June, 1919. Pp. 16.
- BARNES, H. E. *Two representative contributions of sociology to political theory: the doctrines of William Graham Sumner and Lester Frank Ward*. Am. Journ. Sociol., July, 1919. Pp. 22.
- BROWN, H. G. *An eminent economist confused*. Quart. Journ. Econ., May, 1919. Pp. 5. A controversy with Professor Carver regarding some of the possible effects upon wages and land rents of a protective tariff.
- BUSHNELL, C. J. *Scientific method in sociology*. Am. Journ. Sociol., July, 1919. Pp. 17.
- DALLARI, G. *Il senso storico di Cesare Correnti*. Riv. Ital. di Soc., July-Dec., 1919. Pp. 14. Well known as an economist, Correnti had an unusual understanding of historical forces.
- DICKINSON, Z. C. *The relations of recent psychological developments to economic theory*. Quart. Journ. Econ., May, 1919. Pp. 44. Presents the thesis that the newer psychology has an important but not a vital bearing upon static economics, the analysis of the existing order, but that it is of great importance for determining the effects of social changes and in consideration of questions of welfare.
- HAMILTON, W. H. *An appraisal of Clay's economics*. Journ. Pol. Econ., Apr., 1919. Pp. 9. A favorable review of Clay's *Economics: An Introduction for the General Reader*.
- LINDBERG, J. K. Dr. L. V. Birck's *Värdiläre*. Nat. ök. Tids., May-June, 1919. Pp. 79. A systematic presentation of the author's value theory with Dr. Birck's recent book on marginal utility as the basis.
- SENSINE, G. *Le teoria sociologica dell'interesse composto*. Rif. Soc., May-June, 1919. Pp. 6. With primary reference to Pareto's doctrine.
- TANGORRA, V. *La via che seguiremo. Scuola "classica" e scuola "cristiano-sociale" di economia politica*. Rif. Soc., May-June, 1919. Pp. 19. The classical and Christian-social schools of political economy contrasted.
- WRIGHT, P. G. *Cost of production and price*. Quart. Journ. Econ., May, 1919. Pp. 7. Discusses the practicability of applying Marshall's idea of the "representative firm" in consideration of problems of normal price.

Economic History, United States

(Abstracts by E. L. Bogart)

- BROWN, P. W. *The collapse of the steamboat traffic upon the Mississippi: an inquiry into causes*. Miss. Valley Hist. Rev., May, 1919. Pp. 7. Enumer-

ates four causes: (1) the short life of the steamboat, (2) irregularity of service, (3) instability of rates, (4) lack of organization.

CONGER, J. L. *South Carolina and the early tariffs*. Miss. Valley Hist. Rev., Mar., 1919. Pp. 19. Discusses the spirit of the state, the banking situation, the system of internal improvements, and the tariffs, from 1812 to 1832.

COTTERILL, R. S. *Early agitation for a Pacific Railroad, 1845-1850*. Miss. Valley Hist. Rev., Mar., 1919. Pp. 20. Discusses early plans by Asa Whitney of New York, proposed route, legislation, and conventions.

COTTERILL, R. S. *Early railroading in Kentucky*. Register of the Ky. State Hist. Soc., Jan., 1919. Pp. 8. Discusses plans and negotiations, 1833-1837, for a Louisville, Cincinnati, and Charleston railroad, which was never built.

GOODWIN, CARDINAL. *John H. Fonda's explorations in the southwest*. South-western Hist. Quart., July, 1919. Pp. 8. Describes the exploration of the southwest to Santa Fe and back to St. Louis, 1819-1823, from the explorer's own account.

GOODWIN, CARDINAL. *The movement of American settlers into Wisconsin and Minnesota*. Iowa Journ. Hist. & Pol., July, 1919. Pp. 23. Covers the settlement of Wisconsin and Minnesota by Americans from the beginning to about 1860.

HATCH, L. C. *The beginnings of prohibition*. Americana, Oct., 1919. Pp. 13. Covers the early laws regarding prohibition in Maine.

INGLEHART, J. E. *The coming of the English to Indiana in 1817 and their Hoosier neighbors*. Indiana Mag. of Hist., June, 1919. Pp. 91. Discusses the first English settlers, later emigration to America, the Illinois and Indiana settlements, pioneer life, organization of government, economic conditions, and the spirit of the people.

KING, J. *The Nonpartisan victory*. The Public, July 5, 1919. Pp. 3. An account of the aims and achievements of the Nonpartisan League in North Dakota.

MEEKER, R. *What is the American standard of living?* Mo. Lab. Rev., July, 1919. Pp. 13. There is no single American standard, but many standards according to income and size of family. The minimum living standard should be sufficient to support life in decency and in health.

RUSSELL, P. *An analysis of the Pacific railroad reports*. Wash. Hist. Quart., Jan., 1919. Calls attention to the large amount of valuable material in these reports for the history of the West.

UPHAM, G. B. *The Indian trail along the Connecticut River*. Granite Monthly, Oct., 1919. Pp. 7. Describes the life of the first white settlers of the Connecticut Valley.

VAN CLEEF, E. *The Great Lakes as a civic and national asset*. Journ. Geog., Jan., 1919. Deals briefly with the evolution of commerce on the Great Lakes.

WAY, R. B. *The United States factory system for trading with the Indians*. Miss. Valley Hist. Rev., June, 1919.

- WILSON, M. L. *The evolution of Montana agriculture in the early period.* Miss. Valley Hist. Rev., May, 1919. Pp. 13. Covers only the pioneer period, especially its relation to mining and to stock-raising.
- WINSTON, J. E. *Texas annexation sentiment in Mississippi, 1835-1844.* South-western Hist. Quart., July, 1919. Pp. 20. During the struggle between Texas and Mexico, Mississippi gave valuable assistance and generally favored the admission of Texas, as a large slave-holding state, into the Union.
- Political and economic developments in the United States.* Round Table, June, 1919. Pp. 13. Discusses the League of Nations issue, the industrial situation, the farmers' movement, and the railway policy.

Economic History, Foreign

- BOWDEN, W. *The English manufacturers and the commercial treaty of 1786 with France.* Am. Hist. Rev., Oct., 1919.
- CHAPPELL, F. C. *Economic conditions in Great Britain.* Protectionist, Oct., 1919.
- COHN, E. *Oekonomiske Oversigter.* Nat. ök. Tids., May-June, 1919. Pp. 55. This is the first instalment of a comprehensive review of the economic situation in Denmark from August, 1917, to June 30, 1918.
- DEWAVRIN, M. *L'industrie manufacturière au Canada et spécialement la grande industrie, d'après les recensements de 1910 et de 1915.* Journ. de la Soc. Stat. de Paris, Oct., 1919.
- DIOURITCH, G. *A survey of the development of the Servian (Southern Slav) nation, an economic and statistical study.* Journ. Royal Stat. Soc., May, 1919.
- GINI, C. *Gli ammaestramenti del passato sul "dopo-guerra" attuale.* Supp. Econ. del Giorn. Il Tempo, June 5, 1919. Pp. 4. The problems of the present seen in the light of other post-bellum experience.
- GUERRAZZI, G. F. *David Lubin in Italia—ricordi personali.* La Terra, February 1919. Pp. 7.
- KABA, J. *Etude économique sur la Bessarabie.* Le Monde Econ., Sept. 27, 1919.
- MARTIN, P. F. *Brazilian finance—retrospective and prospective.* Finan. Rev. Rev., June, 1919.
- MOURRE, C. *L'influence de la production d'or sur l'activité économique de 1820 à 1913.* Journ. de Soc. Stat. de Paris, Aug.-Sept., 1919.
- NORDENSKIÖLD, E. *Finland: The land and the people.* Geog. Rev., June, 1919.
- RAFFALOVICH, A. *Quelques aspects de la vie économique en Allemagne.* L'Econ. Franç., July 26, Sept. 20, 1919.
- ROVÈRE, J. *Le développement économique de la Bavière de 1870 à 1914.* Rev. Sci. Pol., June, 1919.
- SHAH, D. A. *Economic thought in India.* Journ. Ind. Econ. Soc., June, 1919.

SOLIS DE OVANDO BRAVO. *Política economica en Chile*. Revista Universitaria (Chile), Apr., 1919. Pp. 8. Based on a study by Daniel Martner called *Nuestros problemas economicos*; essentially a survey of the economic needs of Chile.

Economic conditions in China in 1918. Econ. Wld., July 12, 1919.

The house of Rothschild. Quart. Rev., Apr., 1919.

Agricultural Economics

(Abstracts by A. J. Dadisman)

ARNOLD, J. H. *A study of farming in southwestern Kentucky*. U. S. Dept. Agr. Bull. 713 (1918). Oct., 1918. Pp. 19. A professional paper briefly discussing the principal factors contributing to success on 342 farms, with a detailed study of five farms using good methods.

CARMODY. *Agriculture in the tropics for ex-soldiers*. United Empire, Aug., 1919. Pp. 11. The possibilities of agricultural developments. Climate, soils, crops, health, labor, and settlement schemes are discussed.

CHESSA, F. *La nazionalizzazione delle terre*. Riv. Ital. di Soc., Jan.-June, 1918. Pp. 26. The argument for land nationalization in Italy, proposed as a measure of post-war reform, and its difficulties.

CONNOR, L. G. *Labor costs and seasonable distribution of labor on irrigated crops in the Utah Valley*. Utah Sta. Bull. 165 (1918), Oct., 1918. Pp. 24. A study of farm practices in growing small fruits, general field crops, and canning crops, with seventeen tables, and illustrations.

CURRIER, E. L. *A farm survey of Montana*. Mont. Col. Agr. Ext. Ser. No. 25 (1918), June, 1918. Pp. 18. A survey of 30,964 farms in Montana showing acreage and production of principal crops for 1917 and acreage planted in 1918 by counties. Farm labor is discussed and livestock on farms 1917-18 given.

DANIELSON, E. R. *The census of farms, livestock, and agricultural production*. Bull. Neb. Bd. of Agr. 245 (1918), Jan., 1918. Pp. 108-151. A tabular census by counties of Nebraska farms, livestock, and crops, showing tenantry and agricultural production with values.

GOODRICH, C. L. *Producing family and farm supplies on the cotton farm*. U. S. Dept. Agr. Farmers' Bull. 1015 (1919), Jan., 1919. Pp. 16. An argument in favor of producing the family food supply on the farm. Four tables.

HOLMES, R. H. *Influences of the industrial and social revolution upon the agricultural industry of America*. Am. Journ. of Sociol., May, 1918. Pp. 12. An argument in favor of society's making social and economic conditions satisfying to rural people.

NOURSE, E. G. *The place of agriculture in modern industrial society*. I, II. Journ. Pol. Econ., June, July, 1919. Pp. 32, 17. (1) Arguments in favor of agriculture and commerce and industry predominating in industrial society, suggesting a harmonious adjustment and giving the experiences of France, England, and Germany in meeting the problems. (2) The develop-

ment of agriculture in the United States, its present status, and the needs for a consistent national agricultural policy.

OSTRANDER, W. A. *Farming as a business*. S. Dak. Col. Agr. Ext. Circ. 10 (1918), July, 1918. Pp. 31. A copy of a farm account book kept by a South Dakota farmer, 1917-1918.

PRATO, G. *La terra ai contadini o la terra agli impiegati?* Rif. Soc., Jan.-Feb., 1919. Pp. 56. For two years there has been an insistent demand in Italy that the land be given over to the people, and a large literature has resulted. The significance and merits of the movement are here studied.

ROGERS, F. E. *Wholesale prices and receipts of apples in Boston for thirty-six years*. N. Y. State Col. Agr. Cornell Ext. Bull. 28 (1918), Apr., 1918. Pp. 11. A summary of prices and receipts of apples in Boston, from reports of *Weekly Review of Boston Produce Market*. Six tables and one figure.

SPILLMAN, W. J. *How farmers acquire their farms*. Proc. Soc. Prom. Agr. Sci., 38 (1917), Nov., 1917. Pp. 5. A study of how 684 boys from Kansas, Illinois, and Nebraska became farm owners.

SQUIRES, B. M. *Demobilization and resettlement in the United Kingdom*. Mo. Lab. Rev., 1919. Pp. 16. An analysis of demobilization and unemployment, considering both men and women and their occupations, with eighteen tables.

THORNE, C. E. *The cost of crop production in Ohio*. Mo. Bull. Ohio Sta. 2 (1918), Nov., 1918. Pp. 337-348. A study of the cost of producing the principal farm crops in Ohio from United States Census and Ohio Station figures and estimates.

TISSERAND, E. *Les moyens d'intensifier la production agricole*. Le Musée Social, July 1, 1919. Pp. 9. A picture of agricultural conditions in France and an argument in favor of using more scientific methods as a means of improvement.

VINELLI, M. *Il vizio organico della proprietà territoriale in Sardegna*. Giorn. d. Econ., Apr., 1919. Pp. 5. Subdivision of estates has reached a critical point.

ZAPOLEON, L. B. *Geographical phases of farm prices: corn*. U. S. Dept. Agr. Bull. 696 (1918). Sept., 1918. Pp. 53. A detailed study of general facts relative to corn production, farm prices, commercial movements; markets, farm consumption, etc. Illustrations, maps, tables, and graphs.

Agricultural production for 1919. U. S. Dept. Agr., Off. Sec. Circ. 125 (1919), Jan., 1919. Pp. 27. A summary of agricultural production in the United States in 1918 and requirements for 1919, with notes on fertilizer and farm labor. Eight tables.

France: Credit for the acquisition of small rural holdings by military pensioners and by civilians who have suffered by the war. Intern. Rev. Agric. Econ., Apr., 1919. Pp. 10. Provision of a law whereby the state provides funds, without interest, to credit societies which afford long-time credit on real estate to disabled soldiers and their widows.

Ottoman Empire: Jewish agricultural colonization in Palestine. Intern. Rev. Agric. Econ., Apr., 1919. Pp. 17. A description of the country, agrarian conditions, and history of Jewish colonization.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

ALLIX, G. *Le régime futur des chemins de fer Belges.* Journ. des Trans., Aug. 9, 1919. Pp. 3.

ALLIX, G. *Les résultats de 1918. Le Métropolitain de Paris. Le chemin de fer Nord-Sud de Paris.* Journ. des Trans., July 5, 19, 1919. Pp. 3, 4.

ALLIX, G. *Le transeuropéen.* Journ. des Trans., Sept. 6, 1919. Pp. 2.

ALLIX, G. *Les transports dans le traité de paix avec l'Allemagne.* Journ. des Trans., June 28, 1919. Pp. 4.

ALLIX, G. *Un ministère Anglais des transports.* Journ. des Trans., Sept. 27, 1919. Pp. 4. British transport bill from French viewpoint.

ANDERSON, G. W. *A way out of the railroad dilemma.* Current Affairs, Sept. 8, 1919. Pp. 4. Advocates a single operating company.

BARNES, J. K. *Solving the railroad problem.* World's Work, Sept., 1919. Pp. 11. Review of proposed plans.

BURTON, T. E. *A program of railroad legislation.* Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 8.

COTTERILL, R. S. *Early agitation for a Pacific railroad, 1845-1850.* Mass. Valley Hist. Rev., Mar., 1919. Pp. 19.

COUNTY, A. J. *The greater efficiency of private operation of railroads.* Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 18.

DAWES, W. R. *Common sense and the railroads.* Sat. Eve. Post, Aug. 9, 1919. Pp. 3.

DEESEN, F. J. *The logarithmic chart in the analysis of railroad operations.* Ry. Age, Sept. 19, 1919. Pp. 2.

DIXON, F. H. *Federal operation of railroads during the war.* Quart. Journ. Econ., Aug., 1919. Pp. 55.

DUNN, S. O. *Objections to government ownership of railroads.* Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 18.

DUNN, S. O. *Railroad "exploitation."* Mag. of Wall St., Aug. 30, 1919. Pp. 5. Critical analysis of the "Plumb plan."

EMERY, J. A. *Statistics show railway's plight.* Elec. Ry. Journ., Aug. 23, 1919. Pp. 3. Increased expenses of electric railways.

GEDDES, E. *What improved transport will mean.* Ry. Gaz. (London), Sept. 19, 1919. P. 1. Brief statement of new Transport Minister's ideals.

HOVARD, G. *La sécurité en chemin de fer est un problème résolu.* Je Sais Tout, July 15, 1919. Pp. 9. "Safety first" in France.

- HUNGERFORD, E. *John Bull—railway man*. Sat. Eve. Post, Aug. 2, 1919. Pp. 5.
- HUNGERFORD, E. *Our drifting railroads*. Sat. Eve. Post, Sept. 13, 1919. Pp. 5.
- HUNGERFORD, E. *Why competing railroads?* Sat. Eve. Post, Oct. 19, 1919. Pp. 4.
- HUNGERFORD, E. *The Yankee locomotive in France*. Everybody's Mag., Aug., 1919. Pp. 7.
- JACKSON, W. *The zone fare in practice*. London County Council. Elec. Ry. Journ., Aug. 2, 9, 1919. Pp. 6, 6.
- JOHNSON, A. B. *The restoration of railway development*. Ry. Age, Aug. 29, 1919. Pp. 10.
- JONES, C. W. *The railways of Venezuela*. Ry. Rev., Aug. 9, 1919. Pp. 5. With map and illustrations.
- KELWAY-BAMBER, H. *Railway transport in the United Kingdom*. Ry. Gaz. (London), July 25, Aug. 1, 8, 1919. Pp. 3, 4, 4.
- LAWRIE, H. N. *What federal operation has done to the railroads*. Annalist, Sept. 1, 1919. Pp. 5. With charts and statistical tables.
- LIESSE, A. *La situation de nos chemins de fer*. L'Econ. Franç., Aug. 16, 1919. Pp. 3.
- LOVETT, R. S. *Competition and private initiative in railroad development and management*. Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 8.
- LOVETT, R. S. *Some comments on the railroad problem*. Ry. Age, July 25, Aug. 1, 1919. Pp. 3, 6.
- MACLEOD, F. J. *Public ownership may be only means of restoring credit*. Elec. Ry. Journ., Aug. 30, 1919. Pp. 4. The electric railway problem in Massachusetts.
- MADGEN, W. L. *Some light on British tramway conditions*. Elec. Ry. Journ., Aug. 30, 1919. Pp. 4.
- MOHUN, J. L. *Personal injuries due to locomotive failures*. Ry. Age, July, 18, 1919. Pp. 6. With charts.
- MONTAGU, J. W. *"Controlled" transport*. Nineteenth Cent., Aug., 1919. Pp. 5. Critique of English transport bill.
- NOLA, C. DI. *Gli odierni aspetti dell' economia dei trasporti*. Giorn. d. Econ., May, 1919. Pp. 25.
- PARKS, C. E. *Fuel conservation methods of the Santa Fe*. Santa Fe Mag., Aug., 1919. Pp. 6. Conservation methods have saved \$2,000,000 in six years.
- PAYEN, E. *L'électrification des voies ferrées*. L'Econ. Franç., Aug. 30, 1919. Pp. 3.
- PAYNE, J. L. *Report on railway mail pay in Canada*. Ry. Age, Sept. 26, 1919. Pp. 2.
- PLUMB, G. E. *Labor's solution of the railroad problem*. Nation, Aug. 16, 1919. Pp. 2. Analysis of the so-called Plumb plan.

- RAPEER, L. W. *The railroad emergency*. R. R. Trainman, Oct., 1919. Pp. 4. Advocates public ownership with unified private operation.
- RAYMOND, W. G. *Railroad reorganization in the interest of public, owners, and employees*. Proc. St. Louis Ry. Club, Sept. 12, 1919. Pp. 19.
- REA, S. *Objections to government guarantee of return on railroad capital*. Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 10.
- RHEA, F. *China as a market for railway materials*. Ry. Rev., Aug. 30, 1919. Pp. 6.
- SELIGMAN, E. R. A. *Government ownership or government control of railroads*. Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 17. Brief analysis of unrestricted, regulated, and government railway operation. Advocates private ownership and operation, with some modifications in present system.
- SISSON, F. H. *Grave crisis foreseen in the electric railway situation*. Annalist, Aug. 4, 1919. Pp. 2.
- SMITH, A. W. *Nationalizing railroad corporations by statute*. Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 7.
- THAYER, R. E. *The British transport bill becomes a law*. Ry. Age, Sept. 5, 1919. Pp. 2.
- THAYER, R. E. *The reconstruction program for French railways*. Ry. Age, Aug. 1, 8, 1919. Pp. 6, 5. With maps and illustrations.
- VILLARD, H. G. *Some chapters in Canadian government ownership*. Ry. Age, July 18, 25, Aug. 1, 1919. Pp. 5, 3, 3.
- WADE, C. G. *Nationalization in Australia*. Fortn. Rev., Sept., 1919. Pp. 14. Critical analysis by the agent-general for New South Wales.
- WARBURG, P. W. *Stabilizing railroad investments*. Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 12.
- WILSON, H. R. *British railway accidents in 1918*. Ry. Rev., July 19, 1919. P. 1.
- WILSON, H. R. *Cost of British railways during the war*. Ry. Rev., July 26, 1919. Pp. 2.
- WILSON, H. R. *The future of the railways of the United Kingdom*. Ry. Rev., Apr. 5, 19, 1919. Pp. 2, 2.
- WOODLOCK, T. F. *The fatal defeat of the Cummins bill*. The Rev., Sept. 27, 1919. Pp. 2. Criticizes proposal to cut down railway earnings above given limit.
- British railway accounts during the war period*. I. Ry. Gaz. (London), Sept. 19, 1919. Pp. 7.
- The case for the men*. Ry. Rev. (London), Oct. 3, 1919. Pp. 3. Labor's statement of the British railway strike.
- A comprehensive revised interstate commerce law*. Ry. Age, July 18, 1919. Pp. 4. Proposal of President Loree of Delaware & Hudson Railroad.

Early transportation. Americana, Apr., 1919. Pp. 33. Turnpike, canal and railway development. Based on J. N. Boucher's *Old and New Westmoreland*. Illustrated.

European train speeds. Ry. Gaz. (London), Aug. 22, 29, Sept. 12, 1919. Pp. 2, 4, 7. Final articles in a lengthy series.

Ministry of transport act, 1919. Ry. Gaz. (London), Aug. 29, 1919. Pp. 2. Editorial analysis.

Modern armies and modern transport. Ry. Gaz. (London), Aug. 15, Sept. 12, 1919. Pp. 2, 3. Continuation of a series.

The Plumb plan and the railways. Rev. Revs., Sept., 1919. Pp. 4. An analysis and a criticism.

What the strike is about. Ry. Gaz. (London), Oct. 3, 1919. Pp. 1, 2. Railways side of British railway strike. The case stated.

Will express merger be made permanent? Express Gaz., Aug., 1919. Pp. 3. Author inclines to affirmative answer.

The work of the Railway Executive Committee. Ry. Gaz. (London), Sept. 26, 1919. Pp. 21. Extract from report of the War Cabinet for 1918.

A year's working of China's railways. Far East. Rev., Sept., 1919. Pp. 4. Statistics for 1917.

Commerce

(Abstracts by H. R. Tosdal)

AMPHOUX, E. *Le marché cotonnier du Havre pendant la guerre.* Rev. d'Econ. Polit., May-June, 1919. A thorough examination of the cotton market of Havre during the war, taking up the free market during the first period of hostilities, the rise in price in the spring of 1917, the closing of the market and the later period of limitation and regulation of imports.

BANKS, A. S. *Operation of the Grain Corporation.* Journ. Account., June, 1919. A brief account of the achievement of the U. S. Grain Corporation.

BERNHARDT, J. *Government control of sugar during the war.* Quart. Journ. Econ., Aug., 1919. Concludes that the effect of war control of the Food Administration brought about an increase in the Cuban sugar crop, but none in the domestic beet sugar crop. The consumer did not pay an increased price for sugar in proportion to increased costs. Government control of sugar, therefore, is said to be a decided success.

BOLINGER, J. *An American trade base in the Far East.* Econ. Wld., July 5, 1919. Pp. 2. Suggests the establishment of a trade base in the Far East, particularly at Manila.

INGERSOLL, W. H. *Dissecting the consumer's \$.* Nat. Civic Fed. Rev., June 30, 1919. Popularly written article defending the small retailer as against the large coöperative associations.

KIA, Y. T. *La chine nouvelle.* Le Monde Econ., June 14, 1919. A brief statistical survey of the natural resources of China with special reference to coal and iron, silk, and camphor.

- MARVIN, W. L. *Japan as a competitor*. Bull. Nat. Assoc. Wool Mfgs., July, 1919. A statistical study showing that Japan's woolen mills have become an important competitive factor in the world trade of the Orient.
- NOTZ, W. *The Webb law, its scope and operation*. Journ. Pol. Econ., July, 1919. A description of the application of the Webb law to American export business with examples of combinations formed under the law and discussion of its economic phases and foreign attitude toward the law.
- WYMAN, W. F. *How to select an exclusive export agent*. World's Markets, Aug., 1919. Contains practical advice upon the selection of exclusive export agents by a noted export manager.
- WYMAN, W. F. *The export agent*. World's Markets, July, 1919. Interesting and instructive classification of export agents defined as those "who act in any selling capacity for the exporter."
- Colgate's plan to maintain prices upheld by Supreme Court*. Printers' Ink, June 13, 1919. Pp. 117.
- National Free Zone Association is created*. Greater New York, July 7, 1919. Describes the formation of the National Free Zone Association comprising advocates of the establishment of free ports and free zones in the United States.
- The world's cotton market today*. Commerce Monthly, July, 1919. Description of the attempts of Japan and Great Britain to free themselves from dependence on American cotton.

Accounting

(Abstracts by Martin J. Shugrue)

- CAIRNS, W. *Depreciation and depletion in tax returns*. Journ. Account., Sept., 1919. Pp. 7. Discusses two aspects of shrinkage in value; first that which may be due to wear and tear, and second that which may result from exhaustion of mineral and other deposits. Points out to what extent these are allowable deductions in tax returns.
- CLADER, W. A. *Water utilities accounting*. Journ. Account., Aug., 1919. Pp. 14. A paper presented at the tri-state meeting of accountants of Delaware, Maryland, and Virginia at Baltimore, June 25, 1919.
- DOHR, J. L. *Some aspects of flour mill accounting*. Journ. Account., Sept., 1919. Pp. 19. Under the rulings of the United States Food Administration monthly financial and statistical reports were required under oath, the forms of the report being supplied by the Food Administration and requiring, in effect, a uniform system of profit and loss accounts on the part of flour millers.
- FARQUHAR, F. P. *Accounting for cost of naval vessels under cost-plus-profit contracts*. Journ. Account., Sept., 1919. Pp. 10. Considers such matters as: conditions under which contracts were operated, methods of cost inspection, accounting for materials, accounting for labor charges, interpretation of contracts, auditing and reports.

- KILDUFF, F. W. *Cost finding and keeping in power and service costs.* Journ. Account., June, 1919.
- McKAY, C. W. *Depreciation and federal income tax.* Indus. Manag., Aug., 1919. Pp. 5. Handles the vexing matters of depreciation in an engineering way, and in keeping with the general rulings of the Treasury Department. Illustrated with forms and depreciation tables.
- PINKERTON, C. W. *The cost accounting system of Construction Division, U. S. Army.* Engg. & Cont., May 21, 1919. Pp. 3.
- SHENTON, W. A. *Candy manufacturers' accounts.* Journ. Account., Sept., 1919. Pp. 7. Outlines the essential features in accounting for the business conducted by a class of candy manufacturers who produce a grade of hard candies formed in machine presses.
- UPSON, A. F. *Taxation of corporate income.* Pace Student, Oct., 1919. Pp. 3. A very substantial part of the present-day work of an accountant consists of the preparation of tax reports. Discusses some of the more important phases of corporate income taxes such as corporations on whom taxes are levied, penalty for failure to file a report, and amount of tax.
- WHITE, L. H. *Duties of a factory cost accountant.* Journ. Account., Sept., 1919. Pp. 7. A definite statement of the various duties of a factory cost accountant.
- BUREAU OF INTERNAL REVENUE. *Income tax unit organization chart.* Pace Student, Oct., 1919. Pp. 2. Chart was developed by group conferences of the executives of the Income Tax Unit. Careful study reveals many interesting facts in relation to the coördination and direction of the vastly important work of this division of the Treasury Department in which nearly one thousand accountants are engaged.

Public Utilities

(Abstracts by Charles S. Morgan)

- AINEY, W. D. B. *State the facts to the public.* Elec. Ry. Journ., Aug. 23, 1919. Pp. 5. Electric railways should subject themselves to a process of searching self-examination. Other able views on ways out of the present difficulties.
- ARMSTRONG, R. D. *The Connersville "sliding scale."* Nat. Munic. Rev., Oct., 1919. Pp. 5. Account of recent application by Public Service Commission of Indiana of sliding scale system to electric utility in Connersville, Indiana.
- BLAUVELT, W. S. *Application of the index number of commodity prices in adjustments of gas rates a way out of a vicious circle.* Am. Gas Engg. Journ., Oct. 11, 1919. Pp. 2. Would apply such a method to wages and payments on capital of public utility as well as to rates.
- BULLOCK, C. J. *The taxation of electric railways. Statement before Federal Electric Railway Commission.* Elec. Ry. Journ., July 26, 1919. Pp. 3. Aera, Aug., 1919. Pp. 5. Brief summary of kinds and amounts of taxes paid by electric railways with discussion of principles involved. Favors the "rule

of equality," the removal of special charges in excess of extra costs which occupation of streets entails, and relief from normal taxes only as last resort.

CABOT, P. *Government operation of public utilities*. Elec. World, Aug. 16, 1919, Pp. 3. Strong appeal for such a control of the competition which still exists in public utility field, particularly in electric power business, as will postpone the seemingly inevitable stage in which all utilities will be subject to government operation.

CASKIE, J. J. K. *The Philadelphia rapid transit plan*. Ann. Am. Acad., Sept., 1919. Pp. 5. Account of development and provisions of a system of local collective bargaining.

CLARK, H. C. *Service at cost agreements*. II. Youngstown, Ohio. III. Cincinnati, Ohio. Aera, July, Sept., 1919. Pp. 9, 9. Further instalments in a series of detailed uniform analyses of local service-at-cost agreements.

CULKINS, W. C. *Incentive to efficiency needed*. Elec. Ry. Journ., July 12, 1919. P. 1. Service-at-cost agreements faulty if they do not provide some special incentive for efforts to keep costs and fares down.

EISENMENGER, H. C. *Central station rates in theory and practice*. Elec. Rev., weekly since July 5, 1919. A series of short articles, intended primarily for central-station men but of interest to economists. Treatment very detailed in places. Analysis of price, found in numbers for September 13-20. may interest mathematical economists.

EMERY, J. A. *Statistics show railways' plight*. Elec. Ry. Journ., Aug. 23, 1919. Pp. 3. Increases in efficiency (about 13 per cent from 1902 to 1915) were able to absorb the small annual increase in costs up to 1915 but cannot meet the great increases in costs since 1915. Need for a "reasonable, scientific adjustment of fares to cost of service in each locality." Statistical charts and tables.

ERICKSON, H. *Statement before Federal Electric Railway Commission*. Aera, Aug., 1919. Pp. 11. A general survey of utility, particularly electric railway, situation. Principles of public utility investments. Benefits of state regulation. Suggests the use of rates based on variations in costs as a flexible and ready means of rendering commission regulation effective.

FRIDAY, D. *Changes in prices and just rates*. Pub. Service, Aug., 1919. Pp. 4. An argument for increased telephone rates based on statistical analysis of changes in material, labor, and capital costs and taxation and on larger incomes earned in other lines of business.

HILL, J. B. *Principles determining electric utility rates*. Am. Munic., Sept., 1919. Pp. 4. Discussion along familiar lines of types of rates that will conduce to maximum use.

JACKSON, W. *Testimony before Federal Electric Railway Commission*. Elec. Ry. Journ., Aug. 30, 1919. Pp. 5. Description of British and Australian zone fare system. Stimulation of traffic, particularly short-haul traffic, and adaptation to needs of public.

- JACKSON, W. *Will low fares help to cure high costs?* Nat. Munic. Rev., Oct., 1919. Pp. 4. Prominent electric railway man advocates lower fare for off-peak passengers and weekly commutation tickets in smaller cities as means of improving load factor and of increasing usefulness of electric railways to communities.
- JACKSON, W. *The zone fare in practice.* Elec. Ry. Journ., July 12, 26, Aug. 2, 9, Sept. 6, 1919. Pp. 5, 3, 5, 6, 8. Further articles on zone fare system in a selected list of British cities. Technical.
- JOHNSON, W. F. *The fate of the five-cent fare.* V. Toledo. Nat. Munic. Rev., Oct., 1919. Pp. 4. Brief account of Toledo situation in which a company which has operated for five years without a franchise and has been threatened with an ouster has presented a form of service-at-cost franchise as a solution of the local transit problem.
- KENDALL, R. *What's ahead of the trolley?* Nation's Business, Sept., 1919. Pp. 3. Convenient popular sketch of electric railway situation, based largely on hearings of Federal Electric Railway Commission.
- LOCKE, W. M. *The self-propelled street car.* Am. Munic., July, 1919. Pp. 3. Short account of some of the advantages of trackless street cars and of experience with them.
- MACLEOD, F. J. *Statement before Federal Electric Railway Commission.* Aera, Aug., 1919. Pp. 5. Able discussion by chairman of Massachusetts Public Service Commission of Massachusetts situation. Overproduction of facilities and deferred maintenance as special causes of difficulties. Advocates use of subsidies, where necessary, and thinks public ownership necessary to restore railways' credit. Public service and not profit must from now on be the fundamental consideration in the operation of electric railways.
- McKAY, C. W. *Electric utility valuation and rates.* Elec. Rev., Aug. 9, Sept. 13, 1919. Pp. 5, 5. Continuation of series of twelve simple, practical articles.
- PERKINS, R. W. *State subsidies for the street railway companies.* Elec. Ry. Journ., Sept. 27, 1919. Pp. 2. Argument for state protection of electric railways through an indirect subsidy in the form of public ownership of right of way. Advantages of private operation not lost in this manner.
- STORRS, L. S. *Testimony before Federal Electric Railway Commission.* Aera, Aug., 1919. Pp. 8. Extension of lines, the free transfer system, improved character of track and equipment held to have increased value of service rendered while at the same time taxation, automobile competition, and inflexible fare system have limited remuneration.
- TAFT, W. H. *The street railway situation.* Aera, July, 1919. Pp. 6. Extracts from testimony before Federal Electric Railway Commission giving his views on electric railway situation. Conservative.
- WEBSTER, G. N. *Theoretical depreciation, a menace to the public and the investor.* Nat. Elec. Light Assoc. Bull., June, 1919. Pp. 14. Argument that deduction of "accrued" or "theoretical" depreciation is tantamount to confiscation of property unless earnings have been excessive. Value of service

rendered, not age of property, the determining factor. A problem for economists, not for engineers or accountants.

WELSH, J. W. *Data of the industry*. Elec. Ry. Journ., July 26, 1919. Pp. 4. A series of tables and figures presented to the Federal Electric Railway Commission showing for various periods the financial and physical conditions of the industry.

WILCOX, D. F. *Experimental zone fare for New Jersey street railways*. Am. City, Sept., 1919. Pp. 3.

WILCOX, D. F. *Principles of efficient management in the operation of municipal utilities*. Minn. Munic., Oct., 1919. Pp. 9. Importance of expert management stressed. Labor should be given right of collective bargaining to obtain redress of grievances but should be denied right to strike.

WILES, G. R. C. *Vital principles underlying utility rate making*. Gas Age, Aug. 1, 1919. Pp. 3. Principles involved in determining fair value and fair rate of return.

Cleveland rapid transit report. Elec. Ry. Journ., July 12, 1919. Pp. 4. Careful study of Cleveland traffic conditions with conclusion that rapid transit construction should come as needed, though planned in advance, and that at present surface car subways in congested downtown districts will suffice. Diagrams.

Confiscatory rate regulation under the fourteenth amendment. Columbia Law Rev., Apr., 1919. Pp. 4. Legalistic discussion of United States Supreme Court decision in *Detroit United Railway Co. v. Detroit* case in which court held that city's allowing company to operate after expiration of franchise was tantamount to an implied franchise under which company is entitled to a fair return. Frequent citation of cases.

Efficient management entitled to liberal profit. Gas Age, Aug. 1, 1919. Pp. 2. Statement by attorney-general of Illinois of necessity for examination of efficiency of management in determination of rates, with citation of cases in Illinois and other states.

Federal commission questionnaire. Elec. Ry. Journ., Sept. 20, 1919. Pp. 3. List of 168 questions asked of all electric railway companies by Federal Electric Railway Commission.

Hearings of Federal Electric Railway Commission. Formal presentation of case by utilities. Elec. Ry. Journ., July 26, Aug. 2, 9. Pp. 12, 12, 2. Service-at-cost, indeterminate franchise, strengthened regulation, relief from tax burden with blanket increases in flat fares as a temporary relief measure, advocated. Further experimentation with zone fare system and one-man car recommended. The same subject is dealt with in a *Formal presentation of case by representatives of public*. (Elec. Ry. Journ., Aug. 16, 23. Pp. 11, 11.) Views of Secretary Baker, Roger Babson, D. F. Wilcox, Lewis Nixon, and several utility commissioners. Discussion of merits of zone fare system, of automobile competition, of municipal ownership, and subsidies, wage regulation and labor representation. Municipal ownership of roadbed advocated by Col. Kutz of District of Columbia Public Utilities

Commission. Hearings to date represent a great variety of views with but little agreement on many points and show that there is no single solution of the electric railway problem. (See also abstracts of important presentations of testimony under individual authors' names above.)

Report of committee on the sale of company securities to customers and resident citizens. Nat. Elec. Light Assoc. Bull., June, 1919. Pp. 4. Advantages of customer ownership of utility securities as a means of combining good features of private and public ownership, with discussion of what has been and can be done along this line.

Report of committee on valuation of American Electric Railway Association. Elec. Ry. Journ., Aug. 2, 1919. Pp. 3. Aera, Sept., 1919. Pp. 4. Declaration of principles which should be observed in determining "fair value." Cost of reproduction new at current prices without deduction for accrued depreciation (in case of well managed properties) plus direct and indirect overhead charges, advocated as proper basis.

Report of tramway adjustment committee of Denver. Aera, July, 1919. Pp. 14. Recommends adoption of service-at-cost agreement along advanced lines. Details of plan and discussion of other possible remedies given. Of general interest.

Who controls West Virginia gas? Gas Record, Aug. 27, 1919. P. 1. Brief statement of issues involved in West Virginia's determined attempt to prevent the unlimited exportation of natural gas from the state and to give preference to domestic, as against industrial, users.

Zone fares. Elec. Ry. Journ., Sept. 27, 1919. Pp. 35. Articles on zone fare system as practiced in a number of American cities (Milwaukee, Portland, Me., Springfield, Mass.) and on Public Service Railway of New Jersey.

Labor and Labor Organizations

(Abstracts by George E. Barnett)

ABORN, W. G. and SHAFER, W. L. *Representative shop committees.* Indus. Manag., July, 1919. Pp. 4. Describes the Bridgeport plan.

BASSETT, W. R. *Developing pride and interest in the job.* Factory, Apr., 1919. Pp. 20.

BING, A. M. *The work of the wage-adjustment boards.* Journ. Pol. Econ., June, 1919. Pp. 34. The constitution, jurisdiction, and history of the war boards.

BRISSENDEN, P. F. *Labor turnover among employees of a California copper mining and smelting company.* Mo. Lab. Rev., May, 1919. Pp. 22.

BURKHARDT, P. L. *Fallacy of employees' profit-sharing.* Indus. Manag., July, 1919. Pp. 4.

COLE, G. D. H. *Women in British industry.* Dial, July 26, 1919. Pp. 3. Approves the minority (Mrs. Webb's) report of the Cabinet Committee.

CONYNGTON, M. *Alliance of miners, railway men, and transport workers in*

- Great Britain.* Mo. Lab. Rev., June, 1919. Pp. 9. History of the alliance to March 21, 1919.
- DOUGLAS, P. H. *A definition of "conditions of labor."* Quart. Journ. Econ., Aug., 1919. Pp. 5.
- DOUGLAS, P. H. *Plant administration of labor.* Journ. Pol. Econ., July, 1919. Pp. 17. Discusses the advances made during the war and the present position of employment management.
- EMMET, B. *New trade agreement in the dress and waist industry of New York City.* Mo. Lab. Rev., June, 1919. Pp. 17.
- FITCH, J. A. *The convention of the American Federation of Labor.* Survey, July 5, 1919. Pp. 5.
- FRASCHETTI, V. *Il progetto Meda sulla riforma tributaria e le coöperative di produzione e lavoro.* Boll. dell' Ufficio Munic. del Lavoro (Rome), Apr., 1919. Pp. 2. The living and working conditions of hotel employees in Italy, as shown in a recent investigation.
- GLEASON, A. *The stirrup of youth.* Survey, Aug. 2, 1919. Pp. 12. The proceedings of the 1919 conference of the British Labour Party.
- KELLY, R. W. *Dangers in rating employees.* Indus. Manag., July, 1919. Pp. 7.
- KNAUTH, O. W. *Can real wages be raised?* Dial, Sept. 6, 1919. Pp. 4. The national income is sufficient to permit a substantial increase.
- KUNHARDT, G. E. *Lawrence—A manufacturer's view.* Bull. Nat. Assoc. Wool Mfrs., July, 1919. Pp. 12.
- MITCHELL, B. *The end of child labor.* Survey, Aug. 23, 1919. Pp. 6. The evolution of the Southern cotton industry naturally ends child labor.
- MORTENSEN, C. E. *Wages of women and miners in the mercantile industry in the District of Columbia.* Mo. Lab. Rev., June, 1919. Pp. 14. The results of a survey made in March, 1919.
- PRICE, C. M. *Factory inspection and factory inspectors.* Journ. Indus. Hygiene, Aug., 1919. Pp. 13. A forceful argument for better trained inspectors.
- ROBINSON, G. *Trade unionism and the control of industry.* Dial, July 12, 1919. Pp. 4. Discusses the new forms of organization necessary for the control of industry by labor.
- DE SAINT CROIX, A. *Le travail des femmes et le demi-temps.* Le Musée Soc., June 1, 1919. Pp. 9. Report on the results of half-time employment of women in certain factories in the United States.
- SQUIRES, B. M. *Waterside workers in the United Kingdom.* Mo. Lab. Rev., June, 1919. Pp. 19. Describes the decasualization schemes applied in these trades.
- STEWART, B. M. *The employment service of Canada.* Bull. Dept. Hist. & Pol. Econ. Sci. in Queen's Univ., July, 1919. Pp. 25. History, organization and methods.

STODDARD, W. L. *How far should shop committees go?* Indus. Manag., Aug., 1919.

STODDARD, W. L. *The shop committee—some implications.* Dial, July 12, 1919. Pp. 2. The shop committee is not inconsistent with unionism.

SULLIVAN, J. W. *The labor situation abroad following the war.* Nat. Civic Fed. Rev., Aug. 30, 1919. Pp. 8. Deals only with England.

WAGGAMAN, M. T. *Growth of trade-unionism among British women during the war.* Mo. Lab. Rev., June, 1919. Pp. 5.

WHITNEY, E. L. *Strikes and lockouts in the United States, 1916, 1917, and 1918.* Mo. Lab. Rev., June, 1919. Pp. 18.

WOLF, D. *Successful industrial democracy.* Indus. Manag., July, 1919.

WOLL, M. *American labor in convention.* Am. Fed., July, 1919. Pp. 22. Summary of the proceedings of the 1919 convention of the A. F. of L.

An unnecessary and futile strike. Bull. Nat. Assoc. Wool Mfrs., July, 1919. Pp. 14. The history of the Lawrence strike of 1919.

Bridgeport plan of organization for collective bargaining committees. Mo. Lab. Rev., May, 1919. Pp. 9.

The causes of the Winnipeg strike. New statesman, July 26, 1919. Pp. 2. An interesting analysis by a resident of Winnipeg.

The coal reports. New Statesman, June 28, 1919. Pp. 2. The arguments for nationalization of coal apply with equal force to other industries.

Coal commission reports. Lab. Gaz. (London), July, 1919. Pp. 5. Abstracts, with texts of the important sections.

English working women during the war and after. Mo. Lab. Rev., May, 1919. Pp. 7.

Fundamentals of wage payment. Ry. Mech. Engr., June, 1919. The different systems of labor compensation including piece work, bonus systems, and straight time basis.

Hours, wages, and the industrial conference. New Statesman, June 21, 1919. Pp. 2. The maximum hours and minimum wages bills represent the first instalments of great industrial reforms.

List of labor papers and journals and other periodicals featuring labor matters received currently in the Department of Labor Library. Mo. Lab. Rev., June, 1919. Pp. 21.

Lowering costs with bonuses. Bus. Digest & Invest. Weekly, Aug. 19, 1919. Pp. 3. Bonus systems for truck drivers.

Report of the Commission on International Labor Legislation to the Peace Conference. Mo. Lab. Rev., May, 1919. Pp. 26.

L'application de la loi sur la journée de huit heures. L'Econ. Franç., June 7, 1919. Pp. 2. A pessimistic view of the effects of the new eight hour law.

Money, Prices, Credit, and Banking

(Abstracts by C. A. Phillips)

- ALEXANDER, J. S. *When Europe buys on credit*. Comm. Mo., Aug., 1919. Pp. 6. Recommends rationing our exports among the nations requiring them according to their needs. The sale of secured debentures through a centralized credit organization would protect us against unsafe foreign investments.
- BRADFORD, E. A. *An international gold clearance fund to settle balances*. Analyst, Aug. 11, 1919. Pp. 2.
- DAVIDSON, D. *Sveriges Riksbank 1668-1918*. Ek. Tids., No. 5, 1919. Pp. 30. This first instalment summarizes Prof. Brisman's history of the Swedish National Bank down to 1718, which is the first part of the history of this bank's activities during the last 250 years.
- DELAMOTTE, G. *Le mouvement des prix avant et depuis la guerre*. Journ. des Econ., July 15, 1919. Pp. 9.
- DEL VECCHIO, G. *Oro ed argento in relazione con gli odierni problemi monetarii*. Giorn. d. Econ., July, 1919. Pp. 6.
- FISHER, L. *High price level will stay*. Mag. of Wall St., Aug. 2, 1919. Pp. 3. Prices will remain high for many years chiefly because of (1) the availability of war bonds as bases for credit expansion and (2) "many unused reefs" in our banking system sure to be taken out when business desires to spread more sail.
- GARDIN, J. E. *Problems on international finance and adjustment of exchanges*. Trust Companies, June, 1919. Pp. 5. The factors now affecting foreign exchange.
- JENNINGS, I. G. *A new constructive program for trust companies*. Trust Companies, June, 1919. Pp. 5. Urges trust companies to take collective action looking toward the full occupation of their field of service.
- L. P. *Monnai, banque, change*. L'Europe Nouvelle, June 14, 1919. Pp. 2. Current condition of central banks of ten leading countries.
- MESTON, J. *India's currency and exchange*. Wealth of India, May, 1919. Pp. 8. The way in which the suspension of specie payments was avoided through purchases of silver from United States.
- MILLER, A. C. *After-war adjustments: the present price outlook*. Trust Companies, June, 1919. Pp. 6. The trend of prices for the next year is likely to be highly fluctuating but downward.
- MINTY, L. M. *The task before the German banks in restoring German credit*. Scottish Bank. Mag., July, 1919. Pp. 9. The immediate recovery of the discount market depends largely on how soon the Imperial Government is able to fund its floating debt.
- MONDAINI, G. *Il problema del credito nelle colonie italiane*. Riv. Soc. Comm., May, 1919. Pp. 19.

- MOURRE, C. *Les causes de la hausse des prix*. Rev. d'Econ. Pol., May-June, 1919. Pp. 10. Inflation was a cause of the wartime rise in prices, but inflation was necessary.
- MOURRE, C. *L'orientation du marché de la Bourse des valeurs et du marché commercial en France et aux Etats-Unis*. Réf. Soc., June, 1919. Pp. 7.
- PEEDE, L. G. *America's world-wide banking facilities*. World's Markets, Aug., 1919. Pp. 4. Forms of organization employed by American banking interests in extending their foreign service.
- PETERS, E. T. *On stabilizing the dollar*. Quart. Journ. Econ., Aug., 1919. Pp. 19. The stabilized dollar would fall short of invariably satisfying the requirements of justice.
- POLIER, L. *Le privilège de la banque de l'Indo-Chine*. L'Europe Nouvelle, June 14, 1919. Pp. 3. The condition and services of the bank.
- PUPIN, R. *L'épargne française et ses placements dans la période d'avant guerre. Définitions et statistiques*. Journ. de Soc. Stat. de Paris, July, 1919. Pp. 7.
- SCHMUCKLER, J. H. *Real meaning of exchange discounts*. Mag. of Wall St., Sept. 13, 1919. Pp. 5. The course of the exchanges since 1914; correction may be effected through the purchase of foreign securities by American investors.
- VERGEOT, J. *Le papier-monnaie en Turquie pendant la guerre*. Rev. d'Econ. Pol., May-June, 1919. Pp. 2.
- VIRTUE, G. O. *Another reason why war prices are high prices*. Quart. Journ. Econ., Aug., 1919. Pp. 5. The withdrawal by the government of large quantities of goods from the regular channels of trade has been tantamount in its effect on the price level to a reduction in the amount of goods.
- VISWANATHAN, K. P. *The proposed currency committee*. Wealth of India, June, 1919. Pp. 3. The personnel and problems of the committee appointed to deal with the crippled gold exchange standard.
- WATKINS, M. W. *Commercial banking and capital foundation*. Journ. Pol. Econ., July, 1919. Pp. 27. Controversy chiefly on the relation of consumption to production.
- WICKSELL, K. *Ett Angrep paa kvantitetsteorien*. Ek. Tids., No. 3, 1919. Pp. 6. A criticism of B. M. Anderson Jr.'s attack on the quantity theory of money in his book *The Value of Money*.
- WICKSELL, K. *Växelkursernas gaata*. Ek. Tids., No. 4, 1919. Pp. 16. Discusses interesting problems connected with foreign exchange particularly in the light of Scandinavian wartime experience.
- WILLS, D. C. *Dangers to be avoided in trade acceptance practice*. Econ. Wld., July 26, 1919. Pp. 3.
- Le credit a l'exportation: une banque nouvelle*. L'Econ. Franç., June 28, 1919. Pp. 8. A projected bank, subsidized by the state, would serve to promote the foreign trade of France.

Erratic exchange heads foreign trade towards chaos. Annalist, July 28, 1919. Pp. 2.

Growth of profit-sharing principle among banks and trust companies. Description of plans in operation. Trust Companies, Aug., 1919. Pp. 5.

Progress of banking in Great Britain and Ireland in 1918. Bank. Mag. (London), July, 1919. Pp. 16. The proprietors' stake in the total resources of the banks of the United Kingdom has not kept pace with the inflation of deposits due to the influence of war finance.

Views of the Federal Reserve Board concerning legislation for the deflation of the country's currency. Econ. Wld., Aug. 16, 1919. Pp. 3. Contends that the unsecured volume of federal reserve notes in circulation is the result of rising wages and prices and not their cause.

Why state banks joined the reserve system and what they think of it. Journ. Am. Bank. Assoc., Aug., 1919. Pp. 6. Expressions of general satisfaction with system qualified by minor complaints. Statement by Pierre Jay defending the federal reserve policy of paying no interest on deposits of member banks.

Public Finance

(Abstracts by Charles P. Huse)

BRADFORD, E. A. *Much reform needed in our budget reform plans.* Annalist, July, 14, 1919. P. 1. Plans fail to fix responsibility.

BARRIOL, A. and BROCHU, E. *L'emprunt municipal de la ville de Paris en 1919.* Journ. des Econ., July 15, 1919. Pp. 11. Computes the rate of return and the chances of drawing the various prizes in the great Paris loan.

BROWN, H. G. *An oversight in the theory of incidence.* Quart. Journ. Econ., Aug., 1919. Pp. 3. A criticism of a statement found in Seligman's *The Shifting and Incidence of Taxation*.

BUCK, A. E. *The present status of the executive budget in the state government.* Nat. Munic. Rev., Aug., 1919. Pp. 20. A review of the situation in the various states shows progress.

BULLOCK, C. J. *Taxation of electric railways.* Aera, Aug., 1919. Pp. 6. The methods of taxing electric railways, the theories on which these methods are based, and the reasons for taxing them on the same basis as other businesses.

CHAMBERLAIN, J. P. *American budgetary reform.* The Nation, June 21, 1919. Based on a national budget system; describes the Good bill to establish a budget, now before Congress.

CHAMBERS, J. S. *Finances of the state government.* Calif. Taxpayers' Journ., July-Aug., 1919. Pp. 5. An analysis of California's finances by the state controller.

DOUCET, R. *Budgets et impôts de demain.* Le Monde Econ., June 7, 1919. Pp. 4. Deplores the continuance of high expenditures and high taxes in the French budget.

- EDGEWORTH, F. Y. *La leva sul capitale par il riscatto del debito pubblico*. Rif. Soc., May-June, 1919. Pp. 24.
- FERN, J. H. *The single tax in theory and in practice*. Econ. Wld., July 12, 1919. Pp. 4. Recent developments show that the single tax is losing ground in Western Canada.
- GERLING, K. *Der Gemeinde Kriegshaushalt und seine Formelle und Materielle Ordnung*. Finanz-Archiv, no. II, 1916. Pp. 12. Describes the different burdens which the war has imposed on the local governments of Germany.
- GRILLI, C. *La questione economica della donna*. Riv. Intern., Apr., 1919. Pp. 10.
- HERLT, G. *Die Einfuhrung der Goldwahrung in der Turkei*. Finanz-Archiv, no. II, 1916. Pp. 6. Traces the transition in Turkey to a gold standard.
- JÉZE, G. *Les finances de guerre de l'Angleterre*. Rev. Sci. Légis. Finan., Apr.-May-June, 1919. Pp. 57. Deals with the proposals for meeting England's war obligations.
- JÉZE, G. *L'impôt extraordinaire sur le capital comme moyen de liquider les charges financières de la guerre*. Rev. Sci. Légis. Finan., Apr.-May-June, 1919. Pp. 43. Examines the arguments for and against the capital levy as a means of paying war debts.
- JÉZE, G. *Les finances de guerre de la France*. Rev. Sci. Légis. Finan., Apr.-May-June, 1919. Pp. 47. The Bank of France has apparently forced the government to cease meeting its obligations by further issues of paper money.
- LIESSE, A. *Le budget des dépenses civiles; à la recherche d'un équilibre; les nouveaux impôts*. L'Econ., Franç., July 3, 1919. Pp. 3. Outlines the new French budget and discusses the financial future of the nation.
- LIESSE, A. *La consolidation de notre dette flottante; les questions d'emprunts*. L'Econ. Franç., Aug. 2, 1919. Pp. 4. A strong plea for the funding of the French floating debt; the internal debt by a new issue to the French people, and the external by placing a loan in New York.
- LIESSE, A. *Les impôts nouveaux: la taxe sur les accroissements de fortune et l'impôt général sur les revenus*. L'Econ. Franç., July 12, 1919. Pp. 3. Believes that the proposed tax on increases in individual fortunes will be very difficult to administer.
- MILLS, A. L. *Financing state enterprises*. Commonwealth Rev. of Univ. of Oregon, Apr., 1919. Pp. 9. Draws sound financial principles from Oregon's experience.
- NEUBRAND. *Die Belastung mit direkten Staatssteuern in Preussen, Bayern, Sachsen, Württemberg und Baden*. Finanz-Archiv, no. II, 1916. Pp. 19. A comparative study of income and other direct taxes in these states.
- NINA, L. *L'imposta sui profitti di guerra*. Giorn. d. Econ., May, 1919. Pp. 16.
- PURDY, L. *The assessment of real estate*. Nat. Munic. Rev., Sept., 1919. Pp. 15. Gives useful rules for the guidance of assessors.

- RADEMAKER, F. *Kriegsanleihen*. Finanz-Archiv, no. II, 1916. Pp. 28. Lays down principles for the raising of war loans, discussing the internal and external loans, the mobilization of bank credit, and the compulsory loan.
- ROBINS, K. N. *Evils of tax exemption as applied to securities*. Trust Companies, Aug., 1919. Pp. 5. Finds the practice costly and unjust.
- SURET, L. *La question des credits et les impôts nouveaux*. L'Europe Nouvelle, July 5, 1919. Pp. 2. A brief analysis of the new budget.
- SURET, L. *Réparations et clauses financières*. L'Europe Nouvelle, June 21, 1919. Pp. 4. Discusses the reparation clauses in the peace treaty and Germany's counter propositions.
- VAN DE BORCHT, R. *Die deutschen Kriegssteuer Gesetze von 1916*. Finanz-Archiv, no. II, 1916. Pp. 55. A critical discussion of the law, with appended text.
- WEISS-BARTENSTEIN, W. K. *Finanzpolitik und Finanzwesen Bulgariens*. Finanz-Archiv, no. II, 1916. Pp. 94. A study of Bulgaria's financial history leads to the conclusion that, in spite of her heavy debt, a careful management of her resources may enable her to meet her obligations.
- WILLIAMS, W. M. J. *Notes complémentaires concernant les finances publiques de la Grande-Bretagne (1919-1920)*. Journ. des Econ., July 15, 1919. Pp. 11. Budget does not show the economies which the public is demanding.
- WILLOUGHBY, W. F. *The Good national budget bill (with text of bill)*. Nat. Munic. Rev., July, 1919. An explanation of the bill.
- ZIMMERMANN, F. W. R. *Der Ausgleichsfonds nach grundsätzlicher und tatsächlicher Bildung*. Finanz-Archiv, no. II, 1916. Pp. 98. Points out the advantages of the equalization fund, which keeps the surpluses of good years for use in bad years.
- Fear budget system may conceal a presidential club*. Annalist, July 7, 1919. Pp. 2. Congress shows great opposition to the adaptation of the British system.
- State taxation of national banks holding stock in other banks*. Banking Law Journ., Vol. 36, no. 4. Pp. 268.
- A summary of the inheritance tax law of the state of New York as amended in 1919*. Econ. Wld., July 26, 1919. Pp. 2.
- Taxation of car companies doing interstate commerce*. Yale Law Journ., June, 1919. Pp. 4. Discusses various methods used.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- ADAMS, J. *Notes about state insurance in Queensland, Australia*. Econ. Wld., July 12, 19, 26, 1919. Pp. 2, 2, 2. Resumé of first year's operations under the insurance act of 1916. The insurance includes workmen's compensation, fire, life, and annuity.

- BARRET, R. S. *Marine insurance in Argentina*. Econ. Wld., Sept. 6, 1919. Pp. 3. General summary with tables of business written 1918-1918.
- FAY, R. E. *Public liability insurance: its theory, forms, and practice*. Econ. Wld., June 28, 1919. Pp. 4. This instalment of the series of articles includes owners, landlords and tenants, liability insurance.
- FRANKEL, L. K. *Sickness costs and the family budget*. Modern Medicine, July, 1919. Pp. 4. The expenditure for medical service in several income groups, up to \$2500, averages 3 to 5 per cent.
- FRINCKE, M. C. *What the term "medical service" in workmen's compensation laws includes*. Mo. Lab. Rev., July, 1919. Pp. 18. Amount, period of service, etc., as administered by the compensation boards of the states.
- HARVEY, L. A. *The greatest business in the world*. Pan Am. Mag., June, 1919. Describes marine business of Lloyds, London.
- HOOKESTADT, C. *Medical benefits and the medical profession under workmen's compensation laws*. Mo. Lab. Rev., May, 1919. Pp. 22. Discussion of the provisions of the laws.
- MICHELBACHER, G. F. *Casualty insurance for automobile owners*. Econ. Wld., June 28, 1919. Pp. 3. The basis for making rates and samples of premiums.
- STUDENSKY, P. *Broadening the scope of pensions in private industry*. 'New Jersey,' May, 1919. Pp. 5. Such pensions should be on a sound actuarial and an equitable basis.
- TUCKER, F. P. *Regulation of fire insurance needed*. State Service, Aug., 1919. Pp. 7. Advocates bill introduced in New York legislature for regulation of fire rates.
- WALKER, N. J. *Mothers' pensions in relation to juvenile delinquency*. Nat. Humane Rev., Jan., 1919. Pp. 3. Very few children of pensioned widows are brought before the courts of New York state.
- WALL, A. E. *The conflict of ideals left still unsettled by the victory over the Germans*. Econ. Wld., July 12, 1919. Pp. 3. Writer opposes government activity in all forms of insurance.
- WARREN, B. S. and SYDENSTRICKER, E. *Health insurance, the medical profession and the public health*. U. S. Pub. Health Repts., Apr. 18, 1919. Pp. 14. Estimates the average loss of time from sickness at 8 to 9 days annually per insured person. Gives outline of desirable organization of medical service in a state health insurance system.
- American fire insurance abroad*. Econ. Wld., July 5, 1919. Pp. 2. American companies now have an opportunity to compete with the British, who have the greater part of the foreign business.
- British insurance against bad debts abroad*. Commerce Repts., Oct. 2, 1919. Pp. 4. The British Trade Corporation has created a subsidiary to carry this insurance. Policies cover payment of commercial debts, certain losses, etc.

Government war insurance. Preliminary statement of results. Bd. of Trade Journ., Apr. 10, 1919. Pp. 5. Abstract of White paper (Cmd. 98) giving results of government marine, bombardment, etc., insurance. Article reprinted in *Daily Commerce Reports* of May 6, 1919.

Health insurance bill as developed from "tentative drafts." Am. Lab. Legis. Rev., June, 1919. Pp. 16. Text of the bill worked out by the committee of the New York state legislature and as passed by the senate.

Health insurance bill passes New York senate. Am. Lab. Legis. Rev., June, 1919. Pp. 12. Attitude of various interests on the bill.

Investments of insurance companies. Am. Underwriter, June, 1919. Pp. 6. Recent investments in liberty bonds have prevented larger investments in building loans.

A sound policy for municipal pensions. 'New Jersey,' May, 1919. Pp. 24. Report by Mr. Paul Studensky on the fundamentals of pensions and statement of plans for police, firemen, etc.

State health insurance in the United States. Labour Gaz. (Canada), June, 1919. Pp. 2.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

CRANE, R. N. *Infant welfare legislation.* Journ. Comp. Legis., Apr., 1919. Discusses legislation in the British Dominion and the United States in respect to bastardy laws and mothers' pensions. The Norwegian law of 1915 pertaining to illegitimacy is briefly summarized. Mentions a number of states having eugenic marriage laws and comments on the new Wisconsin law. Follows the growth of sterilization laws and registers approval of the plan.

MALLET, C. E. *The C. O. S.: its history and its aims.* Charity Organ. Rev., May, 1919. The Charity Organization Society has existed for fifty years. Its aims are broadening, but it must continue to wage war against unwise methods of relief, against the acceptance of a great mass of poverty as a permanent condition. It must insist on thorough investigation, coöperative effort, the upbuilding of character, and on constructive treatment of applicants for relief.

PRICE, E. C. *Voting charities.* Charity Organ. Rev., July, 1919. Gives an account of methods in former days when the benefits of a charity were partly dependent on the suffrages of the general body of subscribers and when men were asked to contribute with the virtual promise that some dependent in whom they were interested would be pensioned. The system has been greatly modified, but still exists and is used by certain agencies. The writer looks hopefully for the abolition of this evil.

Statistics

BLANCHARD, R. H. *Work of the Statistics Branch, United States Army.* Proc. Casualty Actuarial & Stat. Soc., May 23, 1919.

- BOLDRINI, M. *I figli di guerra*. Giorn. d. Econ., June, 1919. Pp. 10. A statistical examination of the fecundity of the soldier population.
- BOWLEY, A. L. *The measurement of changes in the cost of living*. Journ. Royal Stat. Soc., May, 1919.
- DUBLIN, L. I. and KOPF, E. W. *Some consideration in vital statistics education*. Quart. Pubs. Am. Stat. Assoc., Sept., 1919.
- GINI, C. *Sulle valutazioni della ricchezza nazionale*. Giorn. d. Econ., July, 1919. Pp. 29. An examination of the various elements properly to be included in an estimate of national wealth.
- HOFFMAN, F. L. *Problems in connection with the improvement of the tuberculosis situation in the United States*. Econ. Wld., July 19, 1919.
- KIAER, A. N. *An attempt at a statistical determination of the birthrate in the United States*. Quart. Pubs. Am. Stat. Assoc., Sept., 1919.
- OGBURN, W. F. *A study of food costs in various cities*. Mo. Lab. Rev., Aug., 1919.
- OGBURN, W. F. *A study of rents in various cities*. Mo. Lab. Rev., Sept., 1919.
- POLYA, G. *Anschauliche und elementare Darstellung der Lexisschen Dispersions-theorie*. Zeitschr. f. Schweiz. Stat. u. Volkswirts., Heft 2, 1919.
- WESTERGAARD, H. *A. N. Kiaer*. Nat. ök. Tids., May-June, 1919. Pp. 4. An appreciation of the well known Norwegian statistician who died in Kristiania April 15 of this year.
- Process-verbal de la séance du 21 Mai 1919*. Journ. Soc. Stat. de Paris, June, 1919.

NOTES

The annual meeting of the American Economic Association will be held in Chicago, December 29-31, headquarters being at Hotel LaSalle. On Monday, December 29, in a joint meeting with the American Association of University Instructors in Accounting, there will be a discussion on "The meaning of invested capital." At the afternoon session papers are to be read on "The effect on international trade of Germany's indemnity payments," by F. W. Taussig and "Our foreign investment policy," by H. C. Adams. In the evening H. B. Gardner of the American Economic Association and F. W. Blackmar of the American Sociological Society will deliver presidential addresses; this meeting being followed by a smoker. At the evening session on Tuesday, papers will be presented by W. C. Mitchell on "Prices and reconstruction" and H. G. Moulton on "The price question and banking policy." In the afternoon the subject for discussion is "Employees' participation in management," with a paper by Royal Meeker. At a joint meeting with the American Association for Labor Legislation in the evening the topic for consideration is "International control of labor." On Wednesday, round tables are to be held on "The policy of government with reference to competition, coöperation, monopoly, and the issue of securities"; "Immigration and immigration problems"; "Teaching of economics"; and "Is large-scale and centralized organization of marketing in the interest of the public?" A paper will also be presented by T. N. Carver on "A balanced economic system"; and one session will be devoted to "The railway problem," at which Glenn E. Plumb will discuss the plan associated with his name. Other associations holding their annual meeting at the same time are: American Sociological Society, American Statistical Association, American Association for Labor Legislation, American Association for Agricultural Legislation, and American Association of University Instructors in Accounting.

Since August 1 the following names have been added to the membership of the American Economic Association:

Bliven, George F., 184 Bowen St., Providence, R. I.
Brown, Landone, Bragaw, Sunnyside, Long Island, N. Y.
Bullard, A. W., 2921 Pine Grove Ave., Chicago, Ill.
Chao, C. K., 30 N. Szechuen Road, Shanghai, China.
Dahl, Gerhard M., 57 Broadway, New York City.
Hart, William A., 470 Fourth Ave., New York City.
Kagan, Leo B., 3142 17th St. N. W., Washington, D. C.

Krech, Alvin W., Equitable Trust Co., 37 Wall St., New York City.
Norton, A. L., 30 East 55th St., New York City.
Porter, E. H., 122 State St., Albany, N. Y.
Prescott, Raymond B., Detroit, Mich.
Stowell, Charles J., 2310 Clifton Ave., St. Louis, Mo.
Tavener, George W., Jr., 1120 Avery St., Parksburg, W. Va.
Turner, Wallace M., 1482 Beacon St., Brookline, Mass.
Zangerle, John A., Cleveland, Ohio.

Conditions defining the A. E. Karelson prize offered by the American Economic Association have been defined as follows:

Subject. "What can a man afford?"

Question as formulated: What portions of their incomes can those in various financial circumstances "afford," and ought they to devote to philanthropic purposes, that is, to other than personal and family uses (including saving)?

Object of the Contest. In the donor's letter suggesting the contest the purpose in view was outlined as follows:

In my limited experience in soliciting contributions for altruistic purposes, I have frequently been met, as many others have been met, with the statement: "I am giving all I can afford," and it has seemed to me that if some answer could be found to the question, What can a man afford? great good would be accomplished, as most men desire to do their duty. I fully realize that the answer must be elastic and that the maximum each must, to a large extent, decide for himself; but there must be some minimum below which no man should dare go.

It seems to me that a nation-wide discussion of this subject would do untold good and would possibly bring forth an answer that no one has yet conceived of.

Prizes. A first prize of \$1,000 and a second prize of \$500 are offered for the most meritorious papers.

Other Conditions. Any American citizen is eligible to compete. The essays are to be submitted in typewritten form on or before October 1, 1920, to the Secretary of the American Economic Association, Ithaca, N. Y. Each is to be signed only with a pseudonym, which should be written also on a sealed envelope containing the real name and address of the writer. No definite length is prescribed for the essays; but it is expected that each will constitute a small monograph of some 30 to 100 typewritten pages (7,500 to 25,000 words). The judges to arrange the determination of the award are James H. Tufts, professor of philosophy, University of Chicago; Mrs. Irene Osgood Andrews, assistant secretary of the American Association for Labor Association; Frank A. Fetter, professor of political economy, Princeton University, chairman. The judges may call in the assistance of

others with special qualifications. The successful papers will become the property of the American Economic Association, and it is expected that they will be published as a supplement to the *AMERICAN ECONOMIC REVIEW*, or in some other way. All inquiries regarding the contest should be addressed to the Secretary of the American Economic Association, Goldwin-Smith Hall, Ithaca, N. Y.

The date for the handing in of the essays for the international prize-competition of the Travers-Borgstroem Foundation on "The nationalization of credit" has been postponed to March 31, 1924. The board of management also presents this memorandum in regard to the choice of the jury which will pass upon the essays:

For the judging of the works and the adjudication of the prizes of the international competition an international Jury of at least nine members will be appointed. The choice will fall upon professors of National Economy, Financial Science and Insurance as well as the Board of Managers or Directors of State Banks, great Loan Banks, Insurance Companies, Postal Administrations, a. s. o.—No State shall be represented in the Jury by more than one member with the exception of Switzerland whose representation however must not exceed one third of the whole Board.—The members of the Jury will be appointed by the Academical Senate of the University of Berne upon the proposal of the Faculty of Law.—The list of the members of the Jury will be published once the term fixed for the presentation of the works having expired and will at the same time be communicated to the Founder. Immediately after this the Jury will begin their work.

Information in regard to the regulations may be had upon application to the Office of the Foundation, University of Berne, Switzerland.

The library of the Commercial University of Rotterdam has bought the entire library of the late Professor E. von Philippovich. The collection consists of several thousand volumes and a very large collection of pamphlets and reprints carefully catalogued by Professor Philippovich.

The College of Commerce, in the University of Cincinnati, has been merged with the College of Engineering which is hereafter to be known as the College of Engineering and Commerce.

A secretarial course has been added to the courses in the department of economics in the University of Vermont. It is a four-year course of training in the field of commerce and economics supplemented with technical training especially adapted to secretarial work.

The University of Tennessee has recently created a separate Department of Agricultural Economics in which will be grouped the

work done in farm economics, farm management, and rural sociology. C. E. Allred has been made head of the department.

The first meeting of the Association of Collegiate Schools of Business was held in Cambridge on November 13, 14, and 15, at the invitation of the Harvard Graduate School of Business Administration.

The Seventh National Foreign Trade Convention will meet at San Francisco, May 12-15, 1920.

The Federal Reserve Board, in coöperation with the National Association of Credit Men, has undertaken the development of a plan to obtain monthly statistics showing the credit conditions in the different sections of the country and the more important industries.

The *Bulletin of the American Association of University Professors* for May, 1919, contains the report of the Committee on Academic Freedom in regard to the suspension from the department of economics in the University of Montana of Professor Levine. The state board of education has finally voted to reinstate Professor Levine and to pay him full salary for the period of suspension.

Professor Taussig has in press a volume of essays entitled *Free Trade, the Tariff, and Reciprocity* to be published by Macmillan in the course of the year 1920.

When the Workmen Help You Manage, by William R. Basset, will soon be published by the Century Company.

Messrs. Dent, London, announce a new work on *Free Trade*, by J. M. Robertson.

Messrs. Macmillan & Co., Ltd., London, have published: *The Economics of Welfare*, by A. C. Pigou; *Indian Finance and Banking*, by G. Findlay Shirras; *India at the Death of Akbar: An Economic Study*, by W. H. Moreland; and *Economic Consequences of the Peace*, by John Maynard Keynes.

The International Socialist Society (70 Fifth Ave., New York) announces the first issue of *The Socialist Review*, November, 1919.

The National Budget Committee (818 Connecticut Ave., N. W., Washington, D. C.) began in September the publication of a monthly entitled *The National Budget*. The board of directors of this committee is composed of John T. Pratt, chairman, Benjamin Strong, Paul M. Warburg, Charles F. Nesbit, Joseph P. Cotton, Henry L. Stimson, and Samuel McCune Lindsay.

The Joint Board of Sanitary Control in the Cloak, Suit and Skirt and Dress and Waist Industries (31 Union Sq., New York) began in August the publication of *Sanitary Control*, a monthly bulletin.

Positions

The Economics Department of the University of California desires a teacher of business administration and allied subjects for the second semester only, beginning January 12, 1920, salary up to \$2650 for the half year. Applications should be wired to Professor Ira B. Cross, University of California, Berkeley, California.

Appointments and Resignations

Professor T. S. Adams, who has been chairman of the federal Advisory Tax Board, has returned to Yale University. It is announced that he will also give a course on the public finance of war and reconstruction at the New School for Social Research in New York City.

Miss Henrietta Additon, executive assistant and director of field service, women and girls, United States Interdepartmental Social Hygiene Board, has been detailed to serve as non-resident lecturer in social economy at Bryn Mawr College, to give the course in social treatment of dependents, defectives, and delinquents, and to supervise the field work of the students preparing for the social treatment of delinquents and defectives.

Professor E. E. Agger, of Columbia University, has resigned his position and has become assistant to the president of the National City Bank.

Miss Mary Anderson has succeeded Miss Mary Van Kleck as chief of the Women in Industry Service of the Department of Labor.

Mr. Robert E. Annin, manager of Sigsbee, Humphrey and Company, is giving a course of lectures, in New York University School of Commerce in the Wall Street Division, on the practical phases of ocean shipping. These lectures will appear in book form.

Professor E. Clair Bancroft is at the University of Maine as assistant professor of economics and sociology.

Mr. Holmes Beckwith has gone from Northwestern University School of Commerce to become professor of business administration and banking in Colorado College.

Mr. C. E. Blanchard has been appointed instructor in economics at Ohio State University.

Mr. W. F. Bloor, instructor in economics at the Ohio State University, has been employed in research and educational work with the Goodyear Rubber and Tire Company of Akron, Ohio.

Mr. J. Arthur Bogardus, of the Atlantic Mutual Insurance Company, will give a course in marine insurance in the Wall Street Division of New York University School of Commerce, Accounts and Finance.

Professor Ezra Bowen, of Lehigh University, is also lecturing in Lafayette College, having charge of the course in elementary economics.

Dr. John M. Brewer, formerly instructor in vocational guidance at Harvard University, has been made director of the Bureau of Vocational Guidance under the Division of Education, at Harvard University.

Professor R. G. Campbell has returned to his work as associate professor of political science at Washington and Lee University.

Professor Paul T. Cherington has resigned as professor of marketing in the Harvard Business School to become secretary of the National Association of Wool Manufacturers.

Dr. Edwin L. Clarke, of Hamilton College, has been appointed instructor in economics and sociology in Ohio State University.

Mr. Harry P. Coats has been appointed assistant professor of economics in the University of Vermont.

Mr. Allan B. Cook, of the Bankers' Trust Company is offering a course of lectures in foreign exchange in the Wall Street Division of New York University School of Commerce, Accounts and Finance.

Mr. Shirley J. Coon, instructor in economics at the Ohio State University, has been elected to a professorship in Tulane University.

Professor S. A. Cudmore has resigned from the department of political economy at the University of Toronto on being appointed director of educational statistics in the federal Census and Statistics Bureau, Ottawa.

Associate Professor W. W. Cumberland, of the University of Minnesota, who has been serving as economic and financial expert with the American Commission to Negotiate Peace, has been detailed to accompany the American Military Mission to Armenia. The mission is headed by Major General Harbord and is sent by the President

to conduct a military, political and economic investigation in Armenia and the Caucasus region. Upon returning to Paris, Professor Cumberland will resume his work with the Reparation and Financial Commission of the Peace Conference.

Associate Professor Vanderveer Custis, who has been doing work for the Federal Trade Commission, has now returned to the University of Washington.

Mr. E. F. Dahm has resigned his position as head of the Extension Division of the University of Washington, Seattle.

Dr. George R. Davies, formerly associate professor of sociology and history at the University of North Dakota, has accepted an assistant professorship in economics at Princeton University.

Dr. Neva Deardorf, assistant to the director of civilian relief, American Red Cross, has been appointed to the position of non-resident lecturer in social economy at Bryn Mawr College to give the seminars in social theory and in social economy applied to social relief.

Dr. A. S. Dewing has been appointed instructor in economics at Harvard University.

Professor Charles E. Dice, of Colorado College, has been made assistant professor of economics at the Ohio State University.

Mr. Wallace Brett Donham, formerly vice president of the Old Colony Trust Company, Boston, has been elected professor of business economics and dean of the Graduate School of Business Administration at Harvard University.

Dr. Howard D. Dozier, of the University of Georgia, is now professor of economics at Dartmouth College.

Mr. C. S. Duncan has resigned his position as assistant professor in the School of Commerce and Administration of the University of Chicago to take up research work with the National Industrial Conference Board. Mr. Duncan has been engaged in work with the Division of Planning and Statistics of the United States Shipping Board and was transferred to the American Shipping Mission, London, in September, 1918, and later was appointed special expert for the Shipping Board at the Paris Peace Conference.

Mr. George J. Eberle, instructor in economics at the University of Wisconsin, has resigned to accept a position with the British Columbia Electric Railway Company, Vancouver, B. C.

Mr. George W. Eckelberry, instructor in economics in Ohio State University, has been engaged in accounting practice with Mr. C. D. Wall of Columbus, Ohio. Both Messrs. Wall and Eckelberry are serving as lecturers at the university the present year.

Mr. Walter Eckelberry, instructor in business law at Ohio State University, has resigned to engage in the practice of law in Cleveland.

Dr. Minnie T. England, assistant professor of money, banking, and credit in the University of Nebraska, has resigned.

Dr. C. J. Foreman, formerly at the University of Arkansas, is now associate professor of economics in the University of Cincinnati.

Professor Edwin F. Gay has resigned as dean of the Graduate School of Business Administration at Harvard University to become editor of the *New York Evening Post*.

Mr. W. E. Gettys has been appointed instructor in economics in Ohio State University.

Professor David I. Green has been acting professor of economics and sociology in Iowa State Teachers College since January, 1919, and has now become professor of economics and sociology at Kenyon College, Gambier, Ohio.

Mr. Harry G. Gutham has been appointed instructor in economics and accounting at Syracuse University.

Dr. Alvin H. Hansen, formerly at Brown University, has been appointed associate professor of economics in the University of Minnesota.

Mr. Hector McBean Hart has been appointed instructor of economics in New York University School of Commerce, Accounts, and Finance.

Mr. James A. Healy, export manager of the Schofield Oil Company, is offering a course of lectures in the Wall Street Division of New York University School of Commerce, Accounts and Finance in the use of documents in ocean shipping.

Dr. Felix Held, formerly of Miami University, has been appointed instructor in economics in Ohio State University.

Professor J. A. Hobson, London, gave a course of lectures at the University of California in November, 1919.

Mr. Joseph B. Hubbard, who has been doing work under the Tariff

Board at Washington, has been appointed an instructor in economics at Princeton University.

Dr. John Ise has been promoted to associate professor of economics at the University of Kansas.

Mr. Gilbert E. Jackson has been appointed assistant professor of political economy in the University of Toronto.

Dr. George M. Janes, recently of the University of North Dakota, has been appointed professor of economics and head of the department at Washington and Jefferson College, Washington, Pa.

Mr. Jens P. Jensen, who served as a statistician with the Meat Division of the United States Food Administration in 1918 and was appointed a teaching assistant in political economy at the University of Chicago in 1919, has joined the economics department of the University of Kansas as an assistant professor.

Professor Emory R. Johnson has been appointed dean of the Wharton School of Finance and Commerce of the University of Pennsylvania. During the summer Professor Johnson has been engaged as a member of the Committee on Railroads of the Chamber of Commerce of the United States in making a study of proposed railroad legislation.

Professor Edward D. Jones is on the staff of the Bureau of Vocational Guidance, Division of Education, at Harvard University.

Miss Angie Kellogg, formerly instructor at Bryn Mawr College, will, for the year 1919-1920, direct the county work in the care of dependents and delinquents at Watertown, New York.

Professor E. W. Kemmerer, of Princeton University, spent last summer in Guatemala acting as financial adviser to the Guatemalan government in matters relating to currency and banking reform.

Mr. A. W. Kimber, vice-president of the Fitch Investment Service, is giving a course of lectures on foreign government bonds in the Wall Street Division of New York University School of Commerce.

Mr. Arthur S. Kleeman, manager of the investment department of George H. Burr and Company is giving a course on the principles of investments in the Wall Street Division of New York University School of Commerce, Accounts and Finance.

Mr. F. H. Knight has resigned his instructorship in political economy in the University of Chicago and has been made assistant professor of political economy in the University of Iowa.

Professor O. C. Lockhart, of the Ohio State University, who was on leave of absence last year engaged in research work with the National Bank of Commerce in New York City, has resigned his position to continue his work with the bank. He is giving a course of lectures in money and credit in the Wall Street Division of New York University School of Commerce, Accounts, and Finance.

Professor H. L. Lutz, of Oberlin College, is acting as tax adviser to the Joint Tax Commission of the Ohio Legislature. Special attention is being given to the income tax. Other problems within review are school relief and local debt limitation.

Mr. A. J. Lynn has been appointed instructor in economics to assist in the classes in accounting, at the University of Wisconsin.

Professor D. A. MacGibbon, formerly at McMaster University, is now professor of economics at the University of Alberta, Edmonton, Canada.

Mr. Harrison McJohnston, instructor in economics at Ohio State University, has resigned to engage in business with the Brevity Publishing Company of Chicago.

Assistant Professor R. D. McKenzie, of Ohio State University, has been made professor of sociology at the University of West Virginia.

Mr. Karl F. McMurry has been promoted to the rank of associate professor at the University of Wisconsin.

Professor J. D. Magee, formerly associate professor of economics in the University of Cincinnati, is now professor of economics in New York University.

Mr. Lloyd W. Maxwell, recently engaged in statistical work in the Division of Planning and Statistics of the United States Shipping Board, has been appointed special expert for the United States Tariff Commission.

Professor Harry Alvin Millis is acting as chairman of the Trade Board, Clothing Industry, Chicago, and is teaching half time at the University of Chicago.

Mr. Andrew J. Newman, who was elected Flood Fellow in Economics at University of California for the current year, has resigned to accept an assistant professorship in economics at the University of Kansas.

Professor Carl E. Parry has resigned his position at the Ohio State University to accept a professorship in the College of Commerce and Business Administration, Tulane University, Louisiana.

Professor C. C. Plehn, of the University of California, and Professor E. R. A. Seligman, of Columbia University, will exchange chairs for the second semester of the year 1919-1920.

Professor Harold L. Reed, formerly at Cornell University, is now head of the department of economics in the College of Arts and Pure Science of New York University.

Lt. James Harvey Rogers has returned to the University of Missouri and has been promoted to the rank of associate professor of economics.

Mr. George B. Roorbach has been made professor of foreign trade in the Graduate School of Business Administration at Harvard University.

Dr. I. M. Rubinow is in Palestine as director of the American Zionist Medical Unit of Palestine.

Mr. Oscar V. Ryder, formerly instructor in economics at Harvard University and recently engaged by the Treasury Department as an investigator of war plants under the Revenue Act of 1918, has been appointed special expert for the United States Tariff Commission.

Mr. D R Scott has returned from army service to the University of Missouri and has been made associate professor of economics.

Professor Horace Secrist, of Northwestern University, has been made director of the Bureau of Business Research of Northwestern University School of Commerce. He has been relieved of part of his teaching duties and will direct the activities of the bureau in the industrial market surveys which are being undertaken.

Miss Marjorie Sheets, formerly with the National Bank of Commerce in New York, has been appointed instructor in economics at Ohio State University.

Mr. Charles L. Sweeting, of the Federal Board of Vocational Education, Rehabilitation Division, has been appointed instructor in economics in Syracuse University.

Mr. Burton E. Tiffany, instructor at the University of South Dakota, has been raised to the rank of assistant professor of commerce.

Professor Donald S. Tucker, chairman of the department of economics at Wellesley College, is assisting in the courses in economics at the Massachusetts Institute of Technology during the first semester.

Professor R. H. Tucker has been promoted to a full professorship

in economics and commerce at Washington and Lee University having returned after several months as employment manager of the American Shipbuilding Corporation and as chairman of the Industrial Commission of Virginia.

Assistant Professor Rexford Tugwell has resigned from the University of Seattle to go into business in the East.

Mr. Floyd L. Vaughan, recently with the Federal Trade Commission, is now assistant professor in the department of economics at Brown University.

Assistant Professor H. F. Walradt, who has been on leave of absence with the war export board during the past year, has returned to his work at Ohio State University.

Mr. John D. Willard, extension professor of agricultural economics, Massachusetts Agricultural College, has been appointed a member of the Massachusetts Commission on the Necessities of Life.

Dr. John H. Williams resigned his position as instructor in economics at Harvard University and assistant editor of the *Review of Economic Statistics* to become assistant professor of economics at Princeton University. During the summer Mr. Williams accompanied Professor Kemmerer to Guatemala as his secretary.

Mr. Harry D. Sheppard, instructor in economics in Ohio State University, has resigned to engage in private business.

Dr. Sumner Slichter, formerly of the University of Chicago, has been appointed an instructor in economics at Princeton University.

Mr. William M. Steuart, Secretary of the United States Tariff Commission, has resigned to accept the position of Assistant Director of the United States Census. Mr. John F. Bethune, chief clerk of the Lincoln Memorial Commission, has been appointed his successor.

Mr. Charles F. Speare, formerly financial editor of the *Evening Mail*, is giving a course in marine insurance in the Wall Street Division of New York School of Commerce, Accounts, and Finance.

Mr. William Homer Spencer has been made assistant professor of business law in the School of Commerce and Administration of the University of Chicago.

Assistant Professor Donald R. Taft, of Ohio State University, has become assistant professor in sociology in Wellesley College.

Professor A. W. Taylor, director of the Wall Street Division of New York University School of Commerce, Accounts and Finance has been made full professor of economics and head of the Department of Trade and Transportation.

Professor F. W. Taussig has been appointed a Commander of the Order of the Crown by the Belgian government in appreciation of his services as expert in Paris in connection with the negotiations of the Treaty of Peace.

Mr. Walter C. Weidler, instructor in economics at Ohio State University, has been elected to a professorship in Tulane University.

Mrs. Eva Whiting White, director of training of the Intercollegiate Community Service Association, will hold the position of non-resident lecturer in social economy to give the courses in community organization at Bryn Mawr College during the year 1919-1920.

Professor F. E. Wolfe, formerly at Ohio Wesleyan University, is now head of the department of political economy at Syracuse University.

Mr. Elmer Wood, who was acting instructor of economics at the University of Missouri during the summer, has been appointed instructor in economics at Tufts College.

Dr. Harvey A. Wooster has resigned his position as assistant professor of economics at the University of Missouri and has become professor and head of the department of economics at Tufts College.

Professor James M. Wright, formerly at Baylor University, Texas, has been appointed associate professor in the department of political economy of Syracuse University.

Dr. Herbert Knight Dennis, formerly instructor in sociology at the University of Illinois and subsequently lecturer at Rice Institute, died on July 13, 1919.

Dr. Walter E. Weyl died in New York City on November 10.

Professor Ralph Cahoon Whitnack, formerly professor of economics at Keio University, Tokio, died April 14, 1919. At the time of his death Professor Whitnack was serving as joint revenue commissioner for the native state of Baroda, India. He had direct jurisdiction over the departments of excise and customs, agriculture and coöperative credit. During 1918 and until his death he was price controller and director of civil supplies.

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VOLUME IX

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